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THE MONEY SUPPLY OF THE AMERICAN COLONIES BEFORE 1720

By

CURTIS PUTNAM NETTELS

Professor of History in the University of Wisconsin
Fellow of the [illegible]

MADISON, WISCONSIN
1934

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A nation may import to a greater value than it exports for half a century, perhaps, together; the gold and silver which comes into it during all this time may be all immediately sent out of it; its circulating coin may gradually decay, different sorts of paper money being substituted in its place, and even the debts, too, which it contracts in the principal nations with whom it deals, may be gradually increasing; and yet its real wealth, the exchangeable value of the annual produce of its lands and labor, may, during the same period, have been increasing in a much greater proportion. The state of our North American colonies, and of the trade which they carried on with Great Britain, before the commencement of the present disturbances, may serve as a proof that this is by no means an impossible supposition.—Adam Smith, *The Wealth of Nations* (1776).

PREFACE

One need not apologize for presenting at this time a study of currency—even though it pertains to the past of two centuries ago. In this day of monetary upheaval—of the abandonment of the gold standard and of experiments with a "managed currency"—it ought to be interesting to examine the history of the vexing questions of currency which affect directly the well-being of every individual. The colonial period of American history is particularly instructive in this connection. Those early days witnessed the introduction of the idea of "lawful money" of the country and the origin of the dollar as the unit of value. They witnessed also the beginnings of paper currency and the establishment of the principle of redeemability of paper in specie. Likewise, to colonial times must be traced the American tendency toward unit banking under state auspices. During the first hundred and fifty years of American experience, most legislation pertaining to currency was provided by the individual colonial governments rather than by the general government at Westminster. This early precedent of state action has placed a strong imprint upon later monetary policy, and survives, perhaps, in the present American banking system, which allows two thirds of the country's banks to remain under state rather than federal control.

A study of currency is assuredly basic for a survey of the economic history of any period. Since the material well-being of communities is indicated by prices, incomes, and the like, these fundamental facts must be ascertained by the measurement of monetary values. The understanding of the currency is especially important for colonial times. Every colony resorted to several sorts of money, of varying intrinsic values. Current prices in one colony—as judged by the purchasing power of money in relation to commodities—were not equivalent with identical prices in other colonies. Consequently, it is necessary that all the American currency expressions be reduced to one common standard; that some measure of value be ascertained which will enable the economic historian to compare the purchasing power of money in one area with that in another, and to do the same thing for different periods in the history of a single colony. All the settlements had one standard in common—that of sterling value, which was determined by the intrinsic worth of English money and the commercial conditions under which sterling exchange was obtained. For this reason it seems appropriate that the study of colonial currency should include a survey of Anglo-American trade and commercial rates of exchange. By translating colonial prices into sterling it is possible to approximate a standard of value for the whole colonial empire.

There is not a dearth of separate studies of colonial money. Generally, however, such studies have not treated the subject in relation to the colonies as a whole; the former method has emphasized the currency as an isolated institution. The present study originally approached the subject from the standpoint of the movement of coin. This approach in turn led to such themes as the part of money in trade, with particular reference to invisible items in balances of payments, and the relation of money to manufacturing, credit relations, and British colonial policy. These aspects of the subject have generally been neglected in earlier studies.

The monetary difficulties which beset the English colonies before 1720 have a rather familiar aspect today. The colonies—as a debtor region—were confronted with a continuous adverse balance of payments, and their available specie was repeatedly drawn away to creditors in Europe. The scarcity of specie in America gave birth to a widespread belief that prices of colonial products were ruinously low because money was wanting. Commercial rates of exchange were unfavorable to the debtors; and, when the prices of their products fell in response to European commercial conditions, they were hard pressed to find the means of paying their debts. One solution of these difficulties appeared to be an enlargement of the volume of currency; those early days resounded with popular demands for inflation. And out of the commercial and monetary situation came an urge toward economic independence. To many colonists it became apparent that the true solution of their troubles was to foster local manufactures in order to reduce their purchases from Europe, thereby preserving at home an adequate supply of specie which would serve to uphold the domestic price level.

Many parts of this study have been previously published. The first chapter appeared in the March, 1931 number of *The Journal of Modern History* under the title "England and the Spanish-American Trade, 1680-1715." Much of chapter three was printed in the February, 1933 *Transactions of the Colonial Society of Massachusetts* as an article, "England's Trade with New England and New York, 1685-1720." Part of the fourth chapter was published under its present title, "The Economic Relations of Boston, Philadelphia and New York, 1680-1715" in the *Journal of Economic and Business History,* February, 1931. The material in chapter five was presented in two articles in *The New England Quarterly:* "The Menace of Colonial Manufacturing, 1690-1720" (April, 1931) and "The Place of Markets in the Old Colonial System" (September, 1933). Parts of chapters six, eight, and nine appeared in a paper, "British Policy and Colonial Money Supply," in *The Economic History Review,* October, 1931. From *The English Historical Review,* April, 1933 is reprinted chapter seven, which was published under the title "British Payments in the American Colonies, 1685-1715." Most of the concluding chapter appeared in the January, 1934 issue of *Economic History*, a supplement to *The Economic Journal,* as an article entitled: "The Origins of Paper Money in the English Colonies." To the editors of these journals I am grateful for permission to reprint the articles and for many valuable editorial suggestions.

During the seven or eight years required for the preparation of this volume, I have received innumerable favors. Professor F. L. Paxson of the University of California, Professor Paul Knaplund of the University of Wisconsin, and the late Professor Carl Russell Fish of the University of Wisconsin gave continuing assistance, cooperation and support. From Professor W. T. Root of Iowa State University I obtained my first view of the importance and scope of the subject; he likewise has read and criticized the second and third chapters. Professor M. W. Jernegan of the University of Chicago has also examined this part of the work. Professor N. S. B. Gras of Harvard University has stimulated my inquiries into the meaning of currency studies. The entire manuscript was read by Professor Charles M. Andrews of

Yale University. His detailed criticism with reference to both content and form have resulted in the rewriting of many parts of the work. I am grateful to Professor S. E. Morison of Harvard University for helpful criticism of the fifth chapter. To the editors of the *Calendar of State Papers, Colonial Series,* and to Dr. William A. Shaw, editor of the *Calendar of Treasury Papers,* I owe a special debt of gratitude, for their excellent summaries of documents have greatly facilitated my researches in the Public Record Office. My wife, Elsie Patterson Nettels, has assisted generously at every stage. For any flaws in either the conception or the execution of the work, I, of course, am alone responsible.

Finally, I am indebted to the University of Wisconsin, the John Simon Guggenheim Memorial Foundation, and the Social Science Research Council. All have supplied funds necessary for the collection and presentation of the material used. The editors of the Wisconsin Studies have cooperated cheerfully in bringing the manuscript through the press.

CURTIS NETTELS.

INTRODUCTION[1]

> For as a pair of scales is an invention to show us the weight of things, whereby we may discern the heavy from the light . . . so is this balance of trade an excellent and politique invention to show us the difference of weight in the commerce of one kingdom with another: that is, whether the native commodities exported, and all the foreign commodities imported do balance or overbalance one another in the scale of commerce. . . . If the native commodities exported do weigh down and exceed in value the foreign commodities imported, it is a rule that then the kingdom grows rich and prospers in estate and stock: because the overplus thereof must needs come in in treasure. . . . But if the foreign commodities imported do exceed in value the native commodities exported, it is a manifest sign that the trade decayeth, and the stock of the kingdom wasteth apace; because the overplus must needs go out in treasure.—Edward Misselden, *The Circle of Commerce* (1623).

To a very large extent the condition of the currency in America before the Revolution was shaped by commercial and political contacts with England. The English connection gave the colonies their money of account, while trade with the mother country drained them of their gold and silver coin. Moreover, the Crown kept a watchful eye over the currency measures of the assemblies, often acting in definance of colonial aspirations. For these reasons, the study of the money supply of the plantations is a study of the relations between economic dependencies and an imperial metropolis.

The commercial policy of England before 1700 was predicated on the theory that a favorable balance of trade should cause a flow of the precious metals into the kingdom.[2] The high value then attributed to coin accounts partly for this conception of trade. Various groups within the nation were supposed to profit by the presence of specie. It benefited the landed interest by raising the value of estates.[3] Since commodities could not easily be hoarded, minted money enabled property owners to acquire a permanent, yet flexible, form of wealth. Merchants were provided with fluid capital for use either at home or abroad. In addition, the rise of industry stimulated the demand for coin. Artisans who manufactured only one type of commodity depended more upon exchange than did the farmer who produced diversified crops; hence the town-dweller needed a convenient means of purchasing all the goods his own occupation did not afford.[4] And in the days before the chartering of the Bank of England, specie supplied a more reliable currency than private instruments of credit.[5]

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[1] The manuscripts used are in the Public Record Office, London. The citations are as follows: Colonial Office Papers, C.O.; Treasury Papers, T. Quotations have been modernized.

[2] *Cambridge History of the British Empire* (New York, 1929), I, 561-2.

[3] Thomas Mun, *England's Treasure by Forraign Trade* (London, 1669), 49.

Many of the English mercantilists thought that the nation, for certain objects, should permit the exportation of treasure. It might profitably be sent away to buy raw materials that would later appear in the shape of manufactured goods exported and thus contribute to a favorable balance of trade.[6] Likewise, it was defensible to export coin to distant lands where English merchants obtained goods they later marketed abroad. By this means England recovered the original capital in addition to the profits of the merchants and the freights earned by English shipowners.[7] Although some writers objected,[8] English officials generally agreed that specie might be exported with advantage in order to prosecute a war for the defense of England's territory and trade.[9]

The American colonies had a direct bearing on the quantity of the precious metals which the mother country obtained. In the first place, the provinces south of Pennsylvania afforded commodities that England herself did not produce—and in much greater abundance than needed by English consumers. The surplus was reexported to Europe, where it had the effect either of paying for English imports and thereby stopping the outflow of coin, or of creating a favorable balance of trade that caused the importation of specie.[10] In the second place, the trade between England and her colonies was so balanced that they bought more than they sold; in consequence, they shipped to their English creditors such of the precious metals as they obtained in Spanish America, in the West Indies, and in southern Europe. It was estimated by one observer that coin did not circulate in the colonies more than six months until it was gathered up and remitted to England. And, in the third place, England used her West India possessions as a base from which English goods were taken to the Spanish colonies and sold for silver and gold. A large part of the treasure thus acquired came directly to England aboard vessels under convoy of British men-of-war.

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[4] A. H. Monroe, *Monetary Theory before Adam Smith* (Cambridge, Mass., 1923), 163-6.

[5] A. Andreadès, *History of the Bank of England* (London, 1909), 32-42; W. R. Bisschop, *The Rise of the London Money Market* (London, 1910), 31-67; J. W. Gilbart, *The History, Principles and Practice of Banking* (London, 1911), I, 18-29.

[6] The Board of Trade, May 8, 1702, advised that a proposed treaty with Sweden should not define money as contraband, that it "may be exempted and free to be carried by either party, for that our naval stores are procured chiefly by money sent out in specie." C.O. 389:17, 407.

[7] Mun, Chapter 4; Sir Josiah Child, *New Discourse of Trade* (London, 1804), 149; N. S. B. Gras, "The Business Man and Economic Systems," *Journal of Economic and Business History*, III (February, 1931), 176.

[8] Charles Davenant, *An Essay upon the Probable Methods of Making a People Gainers in the Ballance of Trade* (London, 1699), 157-66; Sir Dudley North, *Discourses upon Trade* (1691), A Reprint of Economic Tracts, 1907 (?), 14.

[9] W. Cunningham, *The Growth of English Industry and Commerce in Modern Times* (Cambridge, 1925), I, 3.

The colonies, therefore, were highly prized by England as a source—albeit indirect—of specie. One way with another they supplied her yearly with coin and bullion worth hundreds of thousands of pounds sterling. To maintain and extend the American trade which realized so handsomely the specie objectives of mercantilism naturally became a leading purpose of English colonial policy. The interest of the colonists with reference to coin and bullion was less simple. It is true that they believed they needed an increasing local supply of the precious metals—both as a medium of exchange and as a means of upholding the silver prices of their export products. Yet the need of coin and bullion as a means of payment in England was even more important. Before 1720 it appears that the colonists derived a greater economic advantage by exporting their gold and silver than by keeping it at home as a domestic medium of exchange.

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[10] Sugar imports, 1703-22, into England amounted to 10,006,000 hundredweight; reexports to 2,500,000 hundredweight. Tobacco imports came to 551,559,000 pounds; reexports to 362,691,000 pounds. Custom-house report, June 9, 1724, C.O. 390:5, no. 47.

CHAPTER I

ENGLAND AND THE SPANISH-AMERICAN TRADE

> The loss of that island [Jamaica] would in all human probability draw after it the loss of all the English interest on the West Indies; the trade of the Spanish West Indies would be wholly engrossed by the possessors of that place; and if the French had that in addition to what they have already there, with a very small assistance from home they might easily become masters of the mines of Mexico and Peru.—Petition of English merchants trading to Jamaica (1696).

The acquisition of Jamaica by England in 1655 proved to be an important factor in her economic expansion. For this once insignificant island became the center from which English merchants carried on a much desired trade with Spanish America. To the Spaniards the Jamaicans sold provisions, manufactured goods and slaves; in return they received a steady stream of silver and gold that enriched England and supplied her continental colonies with most of their hard money. So rapidly did the trade develop that it soon plunged the island into bitter social conflicts, affected profoundly the colonial policies of England herself, and contributed a major cause of the War of the Spanish Succession.

In the play of economic interests at Jamacia, five factors stand out in clear relief. One of these was the assiento—that device by which the Spanish colonies were stocked with negro slaves. Having no slave trading stations of her own, Spain had granted to private contractors the sole right of importing negroes into the King's dominions.[1] These contractors, or assientists as they were called, bought the necessary slaves at various places—at Curaçao, Barbados, and elsewhere in the West Indies. Eventually Jamaica became their principal source of supply. Its location afforded the easiest access to the great markets of Cartagena, Porto Bello, Havana, and Vera Cruz. Naturally, the assientists desired a free hand at Jamaica; they solicited the right of buying the best slaves and of sending them without hindrance to the Spanish ports.

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[1] The authoritative work on the assiento is Georges Scelle, *La Traite Négrière aux Indies de Castille* (Paris, 1906).

In the year 1676 the assiento was granted to a body of Seville merchants, who soon assigned their business to two Genoese traders—one Borosso and one Porcio. The new managers appear to have lacked adequate means, for in 1682 their rights were suspended because they had not made the required payments to the King. The contract, however, was "pieced" in 1683. Porcio then secured the backing of the powerful Dutch firm of Quayman, or Coyman, brothers. He continued to act as director-general of the assiento, buying the slaves from Dutch and English traders and delivering them to the Spanish colonists. In 1685 Porcio was ousted and the Quaymans obtained full control, although he was later reinstated as agent-general in America. The Quaymans remained in charge until 1694, when the assiento passed to a Portuguese company. The latter held it until 1701, the year in which the French Guinea Company received it on a ten year grant.[2]

A contact between Jamaica and the assiento runs through the two decades before 1700. In 1680 a ship from Spain arrived at the island, bearing licenses to trade with the English for negroes. Soon afterward (1682) the Spanish Government allowed the governors at Havana, Porto Bello, and Cartagena to send to Jamaica for slaves. It became the policy of Porcio to buy from the English rather than at Curaçao. The explanation has it that he found the Dutch too hard in their bargains. At any rate in 1683 he sent agents to Jamaica, and so extensive became the trade that the island could not supply the demand. This traffic aroused the Dutch, who secured the removal of Porio. For a time Jamaica was neglected, but after his reinstatement in 1688 his agent settled in the island and the English trade once more flourished. Jamaica now secured the lion's share of the assiento business. The Portuguese company selected Porcio's agent as its factor, and Jamaica, until the close of the seventeenth century, continued to hold its favored position.

Year after year small vessels put out from the island, each with its quota of slaves for the Spanish coast. Some of these vessels went in stealth, carrying their negroes in defiance of the assiento and landing them among the Spaniards in unguarded places. Some were Spanish vessels employed by the assientists themselves. Some were English sloops masquerading as Spanish vessels and going out under English convoys. Despite the uncertainties of war, the assaults of pirates, and the changes in the assiento, this trade went on in a nearly continuous stream.[3]

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[2] Sir Thomas Lynch to Lords of Trade, September 29, C.O. 138:4, 94-6; Georges Scelle, "The Slave Trade in the Spanish Colonies of America: the Assiento," *American Journal of International Law*, IV, 629-31, 837-8.

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[3] Sir Henry Morgan wrote to the Lords of Trade, January 27, 1681: "Since the beginning of November last there hath rid at anchor in this harbor of Port Royal one Capt. John Crocker, commander of a small Spanish ship . . . licensed by the Company of Seville to trade in the American seas for two years, and now waits for the Royal African Company's ships with negroes, intending to sail the next week for Cartagena." Morgan reported, July 14, 1681, that the frigate sent to convoy Crocker's ship and negroes to Cartagena had returned. C.O. 1:46, no. 91, C.O. 1:47, no. 29. In 1682, Lynch received an agent from the governor of Panama whom he allowed to buy 130 slaves from interlopers. An agent from the governor of Havana sought 150 more. Lynch reported that Jamaica could have sold 3,000 had the African Company supplied them. He wrote, May 6, 1683: "Our sloops sell very many [slaves] for they are now generally very safe, being well armed and provided with my commission, as in the King's service." C.O. 1:49, no. 66, C.O. 1:51, no. 106. In October, 1683, one Abraham Gill, a merchant contracting to supply Porcio with slaves, arrived in Jamaica with a Spanish ship, the *St. Thomas*. Gill made agreements to purchase 3,000 slaves at Jamaica within three years. On one voyage to Cartagena the *St. Thomas* carried 900 slaves; on another voyage 300. "The case of Abraham Gill," 1684, C.O. 1:56, no. 108. November 15, 1684, Molesworth wrote that a Spaniard in Jamaica secured 150 negroes, and that enough ships were present in the island to take off 1,500. The next day Molesworth noted the arrival of another Spanish ship seeking 400 more. C.O. 1:56, no. 75. In December 1684 the *Santa Rosa* went out from Jamaica to Porto Bello, carrying 302 negroes. Instructions from Molesworth to Capt. Mitchell, December 19, 1684, C.O. 1:56, no. 123. The years 1685 and 1686 were especially busy ones. Molesworth reported February 3, 1685 that four Spanish sloops had gone from Jamaica to Barbados in search of slaves. C.O. 1:57, no. 9. In March he noted the seizure of Spanish ship at Jamaica—the *St. Antonio*—which was engaged in the service of Porcio. *Ibid.*, no. 67. In April a small ship. the *Jesus, Mary and Joseph*, went out. The next month two other vessels, the *Portuguez* and the *St. Theressa*, exported 450 negroes. Statement of Castillo, November 5, 1685, C.O. 138:6, 292. Following the transferring of the assiento from Porcio to Coymans, the latter sent an agent, one Diego Magette, to reside in Jamaica and to carry on the trade there. Molesworth wrote to Blathwayt, August 29, 1685, respecting the change: "the said agent general having settled factors here before he went with full powers and instructions for negotiating all affairs relating to the assiento to whom they give considerable salaries, a true argument . . . that they really intend what they pretended from the first." In August, 1685, the Coymans' ship *Santa Rosa* left for Cartagena with 300 slaves. C.O. 1:58, no. 44, 44(i) January 16, 1686, Molesworth noted the departure for Porto Bello of a "considerable ship" taking 600 negroes,—all that could be found in Jamaica, for the vessel had come for 800. C.O. 138:5, 137-9. Of the prospects of the trade late in 1686 Molesworth wrote ". . . as soon as the assiento shall be confirmed, either in the hand where it now is, or returned unto that, from whence it was lately taken, we shall have a much larger share of the trade, than hitherto we have had, and if it revert again to the Spaniard, it is probable we may have it entirely to ourselves, if the Royal African Company will undertake to furnish them accordingly." Molesworth to Lords of Trade, November 5, 1686, C.O. 1:60, no. 99. There appears to have been a slump in the trade in 1687, but early in 1688 Castillo, the assiento agent at Jamaica, asserted that many Spanish ships had arrived, and "more are daily expected." Jamaica Council Minutes, C.O. 140:4, 205. A few days later Castillo informed the Governor

The assientists used two methods in their business. Occasionally they sent money to Jamaica and bought the negroes outright from the local traders. More commonly they promised to pay when the slaves were delivered at Spanish ports where sale prices were usually 25 per cent higher than in Jamaica. To secure this handsome profit the Jamaicans had to risk not only loss at sea but also nonpayment by the assientists when the slaves were landed. Occasionally the ownership of Spanish vessels used by the assientists was transferred temporarily to the Jamaica exporters, and English seamen placed in command. This practice guaranteed that the assientists would pay for the slaves in acordance with the original terms of the sale.

A second group with an interest in the slave trade was the whole body of Jamaica planters. The "plentiful supplying us with negroes," said the Assembly in 1688, is "the only means to enrich and support this island." Accordingly, the planters eyed with no little dismay the growth of the trade with the Spaniard which carried off available slaves and needed provisions. One of the

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that an assiento ship, *King Baltazar*, had arrived in the vicinity of Jamaica with £126,000 sterling value on board for promoting the trade. *Ibid.*, 209-10. In this same month, Albemarle seized two Spanish sloops for trading at Jamaica contrary to law. Petition of Royal African Company to King, July 3, 1688, T. 70:169, 99-100. Two vessels, the *Jesus, Mary and Joseph*, and the *St. Antonio*, arrived in April, 1690, from Cadiz, consigned to Castillo. Jamaica Council Minutes, C.O. 140:4, 302. July 6, 1690, Inchiquin notified the Lords of Trade of the departure that day of "a small English vessell with 300 negroes upon the account of the assiento." C.O. 138:6, 339-40. Of one lot of 167 slaves brought by a Company ship in 1690, Castillo bought 121, paying £25 and £26 a head or£4,305 in all. A similar record of 1698 shows Castillo buying 232 of a shipment of 313, paying £23 for each—a total of £5,336. T. 70:944, 226; T. 70:948, 159. Sir William Beeston reported in 1693—"there being no negroes here to supply the assiento, Sir James Castile sent four sloops to St. Thomas with about £30,000 in money in hopes of securing negroes there" . . . "now here are about 700 negroes arrived and more daily expected." Beeston to Nottingham, June 10, 1693, C.O. 137:44, no. 34. In February, 1694, two Jamaica merchants, Charles Knight and Charles Whittell, sent out slaves in the ship *Bartholomew*. Knight's venture amounted to 2,900 pieces of eight; Whittell's to £384. At the same time, a third merchant, Edward Broughton, exported negroes worth £1,629 in the ship *Mary*. In August Knight sent other negroes valued at 30,000 pieces of eight in two ships, the *Mary Flower* and the *St. Peter*. Early in the same year, four other merchants ventured 86,000 pieces of eight in negroes on several assiento ships bound for Cartagena. Affidavits of F. Porcio, February 19, 20, March 3, 1694, in C.O. 137:8, nos. 41(iii-v); petition of T. Onslow, E. Broughton, B. Way, and T. Bernard to the Queen. *ca.* 1709, *Ibid.*, no. 41(i). Beeston wrote the Board of Trade, July 5, 1698, that Jamaica merchants had just sold 300 negroes to Castillo as the new agent of the Portuguese company. C.O. 138:9, 226. In January, 1699, he wrote again to the Board that the Spaniards were detaining at Cartagena two English ships that had carried negroes thither for the assiento. *Ibid.*, 294. Finally, Beeston pointed out, March 14, 1701, to the Board that Jamaica's coin at the time came from the sale to the Spaniards of slaves and provisions, not of English goods. C.O. 137:5, no. 34.

Jamaica governors once asked that enough slaves be sent "that the assiento may be supplied and the country may not want so that those continual complaints that are made by the planters for want of negroes may cease." The planters also felt that they received the worst slaves, while the "best and choicest" were sold to the assientists. Furthermore, the Spanish trade had raised the price of slaves: at any rate it rose from £17 a head in 1680 to £22 in 1688. In addition the importers from Africa to Jamaica became opposed to receiving sugar in payment of slaves sold to the planters and demanded coin instead. This closed one of the important outlets for the island product and lowered its market price. Finally, the planters complained that English warships assigned to the island neglected to defend its coast when they were employed as convoys for vessels trading to the Spanish ports.[4]

The planters were not the only members of the anti-assiento party. Over the whole Spanish trade fell the sinister shadow of piracy and privateering. Soon after England acquired Jamaica the new colony became a nest of pirates who plundered the coast towns and vessels of the Spaniards at will. The spoil they seized was brought back to Jamaica, where it found its way into the pockets of the local merchants and tavern-keepers. The malady of piracy raged most virulently between the years 1660 and 1680. Sir Henry Morgan was the prince of the English marauders who ranged about the Spanish coasts.[5] Since their livelihood depended upon the chance of seizing Spanish ships, the privateers saw with alarm the growth of the protected and semi-legal trade between the Jamaicans and the Spaniards in slaves. On the other hand, the partisans of the assientists labored to suppress all English depredations on Spanish ships. For such outrages drove the Spaniards from Jamaica and hardened their hearts against the English merchants. The good will of the Spaniards was necessary to

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[4] W. Cranfield, "Observations on the Present State of Jamaica," December 14, 1675, C.O. 138:2, 2; Lynch to Lords of Trade, August 29, 1682, C.O. 138:4, 91; Jamaica Council and Assembly to the King, 1688, C.O. 138:6, 287-91; Beeston's proposals, July, 1692, C.O. 138:7, 69; Elletson to Jamaica Assembly, July 20, 1680, C.O. 1:65, no. 30; An Account of the Late Assembly in Jamaica, January 28, 1692, C.O. 138:7, 41.

[5] Violet Barbour, "Privateers and Pirates of the West Indies," *American Historical Review*, XVI (April, 1911), 543, 565.

England's success, and it could be secured only by suppressing all attacks on both their settlements and their ships.[6]

It was natural that the enemies of the assiento—the privateers and the planters of Jamaica—should join forces. The man who served as a connecting link was a local attorney, one Roger Elletson. His enemies said that he had been a defender of pirates in Lord Vaughan's time; that, as chief adviser of the Earl of Carlisle, he had allowed the privateers to bring their booty to Jamaica. It was thought he had been instrumental in securing the government of the island in 1680 for Sir Henry Morgan. Whether this is true or not he felt the closest affinity for Morgan, and once spoke of the latter's brief term as Jamaica's golden age. Although Sir Henry, when governor of the island, professed his zeal for chastizing pirates, his foes believed he countenanced them. At any rate he had nothing good to say for the Spaniards. "They take all our ships either at sea, or in harbors, which they can overpower." For nearly ten years after 1680 Morgan and Elletson led the forces at Jamaica which tried to check the trade that was developing there through the assiento.[7]

A fourth party had pronounced interests at Jamacia—the Royal African Company. Possessing a monopoly on paper in the English West Indies, the Company felt no incentive to unusual exertion in supplying their needs. Besides, the English planters were not good pay, and their debts to the Company mounted year by year. The planters had practically no coin, so that the Company had to accept their sugar, transport it to England and there find a buyer—a hazardous and expensive method of payment. Things were better in Spanish America. The Spaniards paid in coin or bullion, they did not ask for extended credit, and they would give more for slaves than the English planters. In the face of these conditions the Company soon displayed a preference for the Spanish trade, and thereby exposed itself to the charge of selling its negroes to the assientists rather than to the needy planters of Jamaica.[8]

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[6] Jamaica Council to Lords of Trade, May 20, 1680, C.O. 1:44, no. 62.

[7] Charges against Elletson, July, 1688, C.O. 1:65, no. 31; Elletson's reply to Albermarle, July 20, 1688, *Ibid.*, no. 30: Morgan to Lords of Trade, July 2, 1680, February 1, July 2, 1681, C.O. 1:45, no. 36, C.O. 1:46, no. 94, C.O. 1:47, nos. 24, 25; Morgan to Jenkins, April 9, 1681, C.O. 1:46, no. 120.

[8] G. L. Beer, *The Old Colonial System* (New York, 1912), I, Chapter 5.

A fifth party conerned in Jamaica was the English Government. In the first place, English officials desired to supply the island adequately with slaves, for the product of their labor added materially to England's wealth, and the planters bought their manufactured goods from the mother country. But beyond Jamaica the English saw in Spanish America a great field for commercial enterprise. When England furnished the Spaniard with slaves, they were paid for in the first instance with English manufactured goods exported to Africa. The converting of such goods into slaves and the marketing of the negroes in Spanish America was thus equivalent to selling English goods to the Spaniards. All profits on these transactions came into the hands of English merchants. In the second place, the slave trade opened the way to a larger traffic in general merchandise. The decadent industries of Spain were incapable of providing her colonies with manufactured goods: the country that supplied the Spanish Indies with slaves generally enjoyed the best opportunity of selling other European products as well.[9]

Through the Spanish trade of Jamaica, England obtained a commodity of immense value—silver coin and bullion. In the seventeenth century silver was generally regarded as the metal best suited to form the national currency. Yet England's demand for it greatly exceeded her supply. Every year vast quantities of bullion were shipped away in the course of the East India trade—the annual exportation amounting to some £400,000. Since England did not possess an independent supply of the precious metals, the continuance of her India trade required a large yearly importation of foreign silver.[10] Through the sale of slaves and other commodities to the Spanish colonists, silver in its various forms flowed into Jamaica, whence a large part of it was shipped to the mother country. The governor of the island reported in 1691 that the last fleet carried to England £100,000 in bullion, "thanks to the assiento." A later governor calculated the total sum in 1700 and

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[9] Lynch to Lords of Trade, February 28, 1684, C.O. 1:53, no. 41; petition of English merchants trading to Jamaica, October, 1696, C.O. 138:9, 14; Board of Trade to the Queen, February 1, 1711, C.O. 389:21, 450; H. L. Osgood, *The American Colonies in the Eighteenth Century* (New York, 1924), I, 525-6.

[10] Customs records of gold and silver exported, 1698-1715, C.O. 390:5, no. 4. See also John Pollexfen, "Observations on the India Trade," January 16, 1704, C.O. 389:18, 158.

1701 at £150,000, whereas the leading merchants and planters thought the yearly amount, in time of peace, had a value of £200,000.[11]

Around the interests of these five parties—the planters and the privateers on the one hand—the Royal African Company, the assientists, and the English Government on the other—revolved the political contests at Jamaica for many a long year. In 1680 Sir Henry Morgan had been appointed acting governor. He at once cooperated with the Assembly in a series of acts designed to destroy the Spanish trade. These measures led to his removal and to the appointment of Sir Thomas Lynch.[12] Lynch's term and that of his successor, Hender Molesworth, unfolded a single policy. Both governors were friendly to the assientists; both were closely identified with the Royal African Company and used their influence to secure slaves from the Company for the Spaniards rather than for the Jamaica planters. Both provided convoys for the vessels bound to the Spanish ports, and both received payments from the assientists for favors given. Lynch once said that the Spaniards sought slaves in the island "from their opinion that I love the Spanish nation." Both the governors waged an unremitting war on pirates and did everything in their power to clear the seas of marauders, English and foreign. They excluded the leaders of the Elletson-Morgan faction from the Council, and deprived Elletson of the right of practising law in the island, charging him with irregularities in defending pirates. Molesworth, himself a merchant, engaged personally in the Spanish trade and even claimed that without his capital and management there would have been no trade at all.[13]

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[11] C.O. 138:6, 291-2; C.O. 1:57, no. 9; C.O. 138:5, 137-9; C.O. 1:60, no. 99; Jamaica Council Minutes, C.O. 140:4, 207; Order of Jamaica Council, July 29, 1692, 137:44, no. 23; Beeston to Lords of Trade, October 19, 1693, C.O. 138:7, no. 175; Inchiquin to Lords of Trade, August 12, 1691, C. O. 138:7, 18-19; Beeston to Board of Trade, April 20, 1700, C.O. 137:5, no. 18, *Ibid.*, no. 34; Board of Trade to House of Lords, November 27, 1704, C.O. 389:18, 299.

[12] Morgan to Jenkins, July 14, 1681, C.O. 138:4, 46; Order in Council, July 28, 1681, *Ibid.*, 40; Order in Council, October 14, 1681, C.O. 1:47, no. 75; Lynch's commission, August 6, 1681, C.O. 138:4, 16.

[13] Lynch to Lords of Trade, September 12, November 2, 1683, C.O. 1:52, no. 95, C.O. 1:53, no. 32; Molesworth to Lords of Trade, March 12, 1685, C.O. 1:57, no. 52; Elletson's answer, C.O. 1:56, no. 143; memorial of Jamaica Council and Assembly to the King, 1688, C.O. 138:6, 280; Molesworth to Sunderland, 1686, C.O. 1:59, no. 63; Molesworth to Lords of Trade, August 4, 1687, C.O. 1:63, no. 1; Molesworth to Blathwayt, July 5,6, 1686, C.O. 138:5, 163-5. Molesworth to Jamaica Assembly, September 24, 1686, C.O. 1:60, no. 56.

The next governor (1688), the Duke of Albemarle, threw in his lot with the planters and the privateers. He removed Molesworth's adherents from the Council and brought in enough new members to give the opposition a majority. One councillor was dismissed on the ground that he was a pensioner of the assientists. Elletson now became chief justice, and the new government set out to make Jamaica once more a free port for privateers. When the Assembly proved unmanageable, Albemarle dissolved it and held another election. According to his critics, he packed the new body with opponents of the Spanish trade. It chose Elletson speaker, and put through a group of laws designed to stop the exporting of slaves and to scale down the debts owed by the planters to the Royal African Company. The delegates then sent an agent to England with a vigorous statement of their case. "Nothing less than a General Assembly," it asserted, "either could or durst thus have laid open the condition of the island, and the proceedings of the late governor and the factors of the Royal African Company, so strongly were their interests and power united." The Company and the English merchants trading to Jamaica at once complained of the new trend in the island government. The Crown thereupon disallowed the offensive acts, directed that the old officers be restored, and ordered a return to the policy of Sir Thomas Lynch.[14] After the Albemarle episode England took care to provide governors who were defenders of the Spanish trade.[15]

During the years 1680 and 1695 the planters used several weapons in their war with the African Company and the assientists. When they complained in 1680 of a shortage of negroes they secured an order in council directing the Company to furnish 3,000 yearly at £18 each. To enforce this order the Jamaica Assembly passed an act in 1681 which set the price at £18 when payment was made within six months, allowed a reduction of ten per cent for cash, and imposed a fine of £20 for every sale contrary to these terms.[16] The Assembly justified this measure by charging that the Company had not observed the order of 1680. The Company should be forced to supply a definite number of slaves at a given rate; otherwise it would send only a few at exorbitant prices. On the other hand, the Company requested that the Jamaica act of 1681 be disallowed. Its penalties were far too severe. The cost of procuring slaves in Africa was rising because of the competition of the interlopers. The Company could not exact arbitrary prices: the slave was a perishable commodity, costly to keep, and the Company had to sell for what the planters were willing to pay. To this the latter replied that if the Company could not supply the island profitably, the interlopers could.[17]

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[14] Albermarle to Lords of Trade, March 6, 15, April 16, May 11, June 20, August 8, 1688, C.O. 1:64, no. 30; C.O. 138:6, 91, 109, 114, 120, 134, 140-1; Jamaica Council Minutes, July 12, 1688, C.O. 140:4, 234; S. Musgrave to Lords of Trade, May 12, 1689, C.O. 138:6, 211; Albemarle to Jamaica Assembly, July, 1688, C.O. 1:65, no. 29; memorial of Royal African Company, 1689, C.O. 138:6, 300; petition of Jamaica planters and merchants, November, 1689, C.O. 1:65, no. 87; William, Prince of Orange, to President and Council of Jamaica, January 11, 1689, C.O. 138:6, 46-52.

[15] The governors who served after Albemarle were the Earl of Inchiquin, Sir William Beeston, Thomas Handasyd, and Lord Hamilton.

The outcome of this dispute took the shape of a new order in council of April, 1684, commanding the Company to provide 5,000 slaves the first year and 3,000 annually thereafter. But the Company protested and secured a new order in May. This reduced the number to be sent the first year to 3,000. The victory went to the Company, for at the same time the Crown disallowed the Jamaica act and the new order said nothing about price. The Company was thus left free to get what it could for its slaves. During the years following, the new order was not enforced and the difficulties of the planters persisted. In the period 1685-1691, the number of slaves imported legally into Jamaica averaged only 1,800 a year. The strife between the planters and the assientists became extremely heated at this time, thereby focusing attention in England on the shortcomings of the African Company and leading to the legal recognition of the interlopers in 1698.[18]

A second weapon used by the Assembly was a tax on slaves exported. In 1681 Sir Henry Morgan explained that such a duty of £5 a slave had been levied because the merchants had sold to the assientists rather than to the planters, "whose necessities pressed them very much for a present supply." When the Assembly in Molesworth's time tried to tax the trade he defeated the plan. In Albermarle's term the tax was revived but soon disallowed. An attempt in 1691 aimed to levy a duty of 40s. Addressing the Assembly the governor said that the scheme was "absolutely repugnant to the commands I have received from the King . . . , it being the greatest blow that can be given to trade which is the life of this place." Later, Governor Beeston consented to a duty of 20s. which he found did not injure the Jamaica exporters. This tax was still effective in 1716.[19]

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[16] Acts of Assembly, 1681-3, C.O. 139:7, 53-7.

[17] Jamaica merchants and planters to Lords of Trade, January, October, 1683, C.O. 1:51, no. 20, C.O. 1:53, no. 2; Royal African Company to Lords of Trade, *ca.* October, 1683, *Ibid.*, no. 9.

[18] Order in Council, April 2, 1684, *Calendar of State Papers, Colonial Series, America and West Indies*, 1681-5, p. 612 (hereafter cited as *Cal. St. Pap. A. & W. I.*); petition of Royal African Company, April, 1684, T. 70:169, 28; Order in Council, May 15, 1684, *Ibid.*, 30-1; Jamaica Shipping Returns, C.O. 142:13, *passim*.

On many occasions the opponents of the assiento struck at it directly by attacking its agents. Spaniards sojourning in Jamaica were molested, and in Albemarle's time the colony officials drove the assiento factor from the island. The most common procedure was to seize Spanish ships trading to Jamaica ports. In 1684, the assiento ship, *St. Thomas*, was detained, and the next year a similar vessel, the *St. Antonio*. Albemarle in 1688 directed the seizure of two Spanish vessels, and later in the year the government condemned a rich Dutch ship, the *Victoria*. The first two attacks were engineered by private persons when the friends of the assiento were in power; the others by the government itself when controlled by the opposition. In each case the aggressors charged that the merchants involved were violating the English Navigation Acts—principally by preparing to export enumerated articles and English manufactures in foreign vessels and to foreign ports. The promoters of the assiento believed that in each instance the disaffected planters had instigated the attacks in order to destroy the trade. They also expressed deep concern that the seizures would drive the Spaniards from the island altogether. Accordingly they used their utmost influence to remove the evil effects. In the cases of *St. Thomas* and the *St. Antonio*, Lynch and Molesworth released the ships, stopped proceedings in the courts, and issued proclamations assuring the Spaniard of a friendly reception at Jamaica. In the case of the *Victoria*, a new Council soon ordered the return of the ship to its owners and the restitution of a large sum of money that the Albermarle party had confiscated.[20]

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[19] Morgan to Lords of Trade, May 8, 1681, C.O. 1:46, no. 145; Inchiquin to Assembly, July 9, 1691, C.O. 140:5, 103; Council Minutes, C.O. 138:7, 38, 40; Inchiquin to Lords of Trade, August 12, 1701, October 19, 1693, C.O. 137:5, no. 54, C.O. 138:7, 176-7. See acts of 1693, 1696, 1698, 1702 in Jamaica Acts, C.O. 139:9, 39, 41, 63.

Realizing the dependence of the assientists on convoys, the planters tried to prevent the use of English frigates for that purpose. The profits of the trade, they said, were so great that the merchants could afford to supply their own guard-ships. Governor Beeston replied that since the naval vessels were under his command the Assembly had no voice in the matter. "And I believe," he concluded, "that were it not for the assiento, you would not have such supplies of them as you have."[21]

In all these controversies the English Government defended the assientists. Its interest in the Spanish trade even led to a partial suspension of the cherished Navigation Acts. By the act of 1661 foreign merchants and foreign vessels had been excluded from trading with any of the English colonies. However, when the Royal African Company learned in 1677 that Spain would permit Spanish vessels to take negroes at Jamaica, it procured a special letter to the governor, Lord Vaughan, which directed him to allow Spanish vessels and Spanish merchants to import money and to export slaves. Shortly afterwards the Attorney-General pronounced this concession illegal, but nothing was done to cancel it. The question arose again in 1684, when the Treasury asked the customs officials for their opinion. The latter thought the trade a benefit to both the island and the King. Thereupon new instructions were sent to Molesworth confirming the early concession. In 1685 the Lords of Trade commanded the colonial governors to seize all foreign vessels trading to the colonies, "excepting

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[20] For material pertaining to the *St. Thomas* see Jamaica Council Minutes, May, 1684, C.O. 140:4, 36-40, including proclamation of Council, May 19, 1684, 39; 3 petitions of Abraham Gill, May, 1684, C.O. 1:56, nos. 108, 114(1), 130; Lynch to Lord President of the Council, C.O. 1:53, no. 132. For the *St. Antonio* case, see Molesworth to Lords of Trade, March 24, 1685, C.O. 1:57, no. 67; Jamaica Council Minutes, March, 1685, C.O. 140:4, 70-6, including proclamation of the Council, March 23, 1685, 76. The papers touching the Albemarle seizures are: Albemarle to Lords of Trade, March 19, 1688, C.O. 1:64, no. 51; *Idem*, June 20, 1688, C.O. 138:6, 134; Jamaica Council Minutes, C.O. 140:4, 216; Royal African Company to the King, July 3, 1688, T. 70:169, 99-100; George Reid to Father Churchill, December 14, 1688, C.O. 1:65, no. 91. For the *Victoria* episode, see *Ibid.*, Simon Musgrave to Lords of Trade, May 12, 1689, C.O. 138:6, 212; Inchiquin to Lords of Trade, July 6, 1690, C.O. 138:6, 337-8; Jamaica Council Minutes, C.O. 140:4, 199, 254-7, 310-11.

[21] Address of Jamaica Assembly, October 7, 1693, C.O. 140:2, 145; reply of Beeston, *Ibid.*

Spanish ships that are come to buy negroes." This order placed the privilege on a permanent basis.[22]

The second branch of the Spanish trade—the sale of provisions and merchandise—did not in any form receive the sanction of Spain. The treaty of Madrid (1670) prohibited the merchants of England and of Spain from trading with any possession of the other in the West Indies. To this pledge England remained committed until the War of the Spanish Succession; consequently she could not openly promote the exportation of English goods to the Spanish colonies.

In 1680 the Jamaica Council summarized the advantage of selling merchandise through the island traders. Previously English goods had reached the Spanish colonial markets by way of Spain. The costs of this roundabout route and the duties collected in Spain greatly enhanced prices in America. By a direct trade through Jamaica, English merchandise might undersell products coming in through the regular channel. The Spanish colonists would then not only receive English traders in out of the way places, but even send money to Jamaica in order to make purchases there. "For the proof whereof," observed the Council, "we need no greater demonstration than the trade that at present is and of late hath been driven with them by divers people from hence."[23]

A very close relation naturally existed between the sale of slaves and the traffic in English products. Molesworth told how the English merchants made up packs of English dry goods "of an easy burden for a negro" and sent these parcels out in the slave ships. "They convey them into some wood near the port before they enter into it, where keeping a man or two to watch them, they take their opportunities in the night for bringing them into town where they are secure."[24]

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[22] The Vaughan letter was dated May 12, 1677, C.O. 138:3, 197; Beer, *Old Colonial System*, I, 362; Commissioners of Customs to Lords of Treasury, August 22, 1684, C.O. 138:4, 277-8; Sunderland to Molesworth, November 29, 1684, *Ibid.*, 279; Lords of Trade to colonial governors, April 10, 1685, *Cal. St. Pap. A. & W. I.*, 1685-8, p. 28.

[23] Jamaica Council to Lords of Trade, May 20, 1680, C.O. 1:44, no. 62. Lynch to Lords of Trade, August 29, 1682, said that Jamaica had 20 trading sloops of from 15 to 45 tons delivering negroes to the Spaniards. "This trade were admirable were we not undersold by great Dutch ships that haunt the coast of the main and the islands, and were we not fearful of pirates, which is the reason why the ships are so strongly manned. These and other expenses and hazards carry away much of the profit." *Cal. St. Pap. A. & W. I.*, 1681-5, p. 284; in 1684 Molesworth added that by this trade "a very considerable quantity of English manufactures is vented every year and bullion imported for it." Soon afterward he observed that the capture of a certain ship bound for Cuba "has greatly encouraged our undertakers. A considerable sale of English manufactures must certainly follow." Molesworth to Blathwayt, November 16, 1684, Molesworth to [Blathwayt?], December 30, 1684, C.O. 138:5, 10-11, *Cal. St. Pap. A. & W. I.*, 1681-5, p. 755.

Since England did not formally suspend the Navigation Acts in favor of exported merchandise as well as slaves, a delicate situation arose. When a Spanish ship was seized at Jamaica in 1684, the factor of Porcio protested that its departure with manufactured goods on board would discredit Porcio in Spain because of the violation of the King's order limiting the assiento trade to slaves. Herein the Jamaicans opposed to the Spanish trade found a point of attack. Accordingly, when they seized the *St. Antonio* in 1685 they charged that by having merchandise on board it violated the Navigation Acts. In seeking an excuse to release the ship, Molesworth suggested that the English order allowing the sale of negroes extended likewise to manufactured goods. The Council hesitated to act on this view and Molesworth then had to improvise an ambiguous pretext for discharging the ship. The officials at Whitehall supported him, and in so doing confirmed the former practice of allowing the exportation of English merchandise in Spanish ships without a formal suspension of the Navigation Act thus violated.[25]

A Jamaica merchant, George Kast, argued in 1695 that the market for English goods would expand considerably if Spanish vessels were not permitted to carry negroes from the island. The Spaniards had to have slaves and would admit English ships if their own vessels were not allowed to procure them at Jamaica. The English sloops thus received might sell manufactured goods on the sly. Kast claimed that he presuaded Albemarle of the wisdom of this view, whereupon a Spanish ship was seized and condemned. Many English ships, richly laden, immediately set out for the Spanish coast. None of them was molested; never, said Kast, was more money brought into Jamaica than during nine months of Albemarle's term.[26]

The traffic in merchandise and provisions continued during the 1690s. But in 1700 Beeston reported that Jamaica exporters of dry goods were being undersold by the French and Dutch. The provision trade was also declining: Curaçao was becoming the center from which the Spaniards received their supplies. Were it not for the competition of the Dutch, said Beeston, Jamaica would have monopolized the sale of foodstuffs to the Spanish Indies.[27]

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[24] Molesworth to Lords of Trade, March 24, 1685, C.O. 138:5, 46-7.

[25] See note 20.

[26] Memorial of George Kast to King-in-Council (1695), C.O. 137:44, no. 45.

During the twenty years before 1700 England had done everything in her power to promote her Spanish-American trade. The attempts of the Jamaica planters to prevent the exporting of slaves had been suppressed, and the government of the island had been assigned to friends of the assientists. The Crown had combated piracy in the West Indies and had prohibited attacks on the Spanish coast. To this end a special commissioner was appointed, whose agent thwarted Albemarle's scheme of reopening the Jamaica ports to privateers. The English navy furnished convoys for vessels trading to the Spanish coast, and the Crown suspended the Navigation Acts in favor of Spanish ships and merchants exporting slaves. In 1694 England put in a strong bid for the assiento itself, and when it was granted to the Portuguese company, arrangements were made to supply the company with negroes at Jamaica. About the same time (1698) Parliament abolished the monopoly of the Royal African Company and opened the English traffic in slaves to private traders. This step was taken because the opportunities of the Spanish trade and the growing labor needs of the English colonies required the resources of the interlopers and the African Company combined.[28]

When England was on the point of engrossing the Spanish trade she encountered a powerful opposing influence—the commercial ambition of France. The French at first struck at the English by sending expeditions against Jamaica and by seizing English vessels trading to the Spanish coast. This menace forced England to station two regiments at Jamaica during the War of the League of Augsburg. "The situation of the island," wrote

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[27] Beeston notified the Lords of Trade, May 24, 1693, of the seizure of one of Porcio's ships for having dry goods on board for the Spanish trade. C.O. 138:7, 161-2. Later he noted that "one Captain Elliott was sent in sloops by some merchants with a cargo of £8,000 or £10,000 to trade on the coasts of Cartagena and Porto Bello." *Cal. St. Pap. A. & W. I.*, 1693-6, p. 327; Beeston to Board of Trade, March 14, 1701, C.O. 137:5, no. 34.

[28] 9 William III, c. 26; Board of Trade to the Queen, February 1, 1711, C.O. 389:21, 450.

William Blathwayt, "is such that, if it be lost to the French, all that profitable trade we now enjoy (though underhand) with the Spanish colonies, as well as the negro traffic, will be cut off." When Jamaica was supplying the Portuguese company with slaves, the vessels carrying them to the Spaniard were seized by French privateers. No sooner had the Jamacia traders made this grievance known than the Crown ordered the English naval commanders in the West Indies to give full protection to all English ships sailing for Spanish ports.[29]

Shortly before the year 1700 a change occurred in the policy of France with respect to the Spanish Indies. In the early days French activities in that quarter had been limited chiefly to the plundering of Spanish vessels. The Governor of Hispaniola, M. du Casse, was the director-general of operations of this sort. Eventually, however, du Casse became convinced that France had more to gain by a legal trade with the Spaniards than by depredations on their ships. He possessed some little influence at Versailles, which he used to effect a reorganization of the French Guinea Company for the sake of promoting French commerce with Spanish America. Du Casse himself became head of the new company. An English observer at Porto Bello noted the arrival there in 1699 of three of the Company's ships. These vessels, he remarked, bore official letters from the King of France to all the Spanish ports; accordingly he judged that the French neglected no means of establishing themselves in the trade of the Spanish Indies.[30]

It has been said on good authority that, at the death of Charles II of Spain in 1701, du Casse persuaded Louis XIV to obtain the assiento for France. This design explains one reason why the Grand Monarch desired the Spanish throne for Philip of Anjou. Diplomatic negotiations between Spain and Portugal—consummated through the influence of Louis XIV—resulted in the cancellation of the former grant to the Portuguese company. It was agreed that the company should recover a loan it had made to the King of Spain and receive a large indemnity. The assiento was then assigned to the reorganized French Guinea Company.[31] The new agreement extended for ten years and permitted the Company to sell 4,800 slaves a year in the Spanish colonies. The Company also obtained the right to send its vessels directly from French ports to the Spanish colonies and to bring back money and goods without entering Spain. Moreover, it might employ French ships in the trade. Neither of these concessions had previously been given to assientists. Although the grant forbade a trade in goods other than negroes, the powers and liberties which the Company received were so extensive that such a trade could easily be carried on. The Kings of Spain and France undertook each to advance one fourth of the capital required, with the provision that the Company would lend the King of Spain the money for the quarter-share which he agreed to contribute.[32]

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[29] Jamaica Council to Lords of Trade, May 20, 1680, C.O. 138:3, 408; Blathwayt to Trenchard, September 2, 1694, *Cal. St. Pap. A. & W. I.* 1693-6, pp. 341-2; petition merchants trading to Jamaica to Lords Justices, June, 1699, Board of Trade to Lords Justices, July 6, 1699, order of Lords Justices in Council, August 31, 1699, C.O. 138:9, 335, 343, 357-8.

[30] Letter dated October 8, 1699, at Porto Bello, sent to Board of Trade by Sir Gilbert Heathcote, C.O. 137:5, no. 8. See also Elizabeth Donnan, "The Early Days of the South Sea Company," *Journal of Economic and Business History*, III (May, 1930), 419-21.

Du Casse took personal charge of settling the new assiento in the West Indies. Of the success of his early efforts, a reliable informant at Jamaica wrote in 1702: "It's past all doubt that the French have prevailed wonderfully with the Spaniard both in amity and trade for these twelve months past, for all their ports have been open to them and the French have put their officers therein, and I am informed have received all their orders from the French Court; several ships from France that brought them arms and ammunition, have had particular orders for a free trade, to compensate their charge; by these and several other ways they have now advanced their commerce considerably in the Indies, and have barred all others."[33]

The French assiento was unquestionably one of the principal factors that brought England into the War of the Spanish Succession. For twenty years England had been using every conceivable means of extending her trade with the Spanish colonies. She had all but held the assiento itself, for the nominal assientists had long bought their slaves from English merchants. Should the new assiento become effective, the French would no longer use Jamaica as the chief source of supply. All English vessels might be excluded from the Spanish colonies when once the combined resources of Spain and France were used to enforce the French monopoly. Sir Charles Hedges, Secretary of State during the early years of the war, considered the assiento a leading cause of the conflict, "it having been the chief aim of the French in possessing themselves of Spain, to make themselves masters of the West India trade."[34]

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[31] Hedges to Handasyd, January 17, 1706, C.O. 388:30, 51-9; Scelle, *American Journal of International Law*, IV, 637-8.

[32] A copy of the agreement as signed by du Casse for the Royal Guinea Co., August 27, 1701, appears in the *Daily Courant*, December 10-13, 1712, C.O. 388:15, no. 95.

[33] Beckford to Board of Trade, May 15, 1702, C.O. 137:45, no. 5.

The interest of England in the Spanish Indies appears most clearly in her American policy throughout the war. At the outset all English merchants were forbidden to trade with the enemy, including the colonial subjects of Philip V. The Dutch, however, did not pursue a similar course. They continued to supply the Spaniard through Curaçao, contending that if they and the English withdrew, the trade would be monopolized by the French. From Jamaica Governor Handasyd sent privateers to seize Dutch vessels trading with the enemy. But the Dutch refused to change their tactics and protested against the seizures that were made. The English soon realized that Curaçao would engross the Spanish trade. The northern colonies were sending thither their provisions as the central market of Spanish America. The Jamaica merchants became extremely alarmed; they foresaw in the loss of the Spanish trade their own impoverishment and ruin. Finally Sir Gilbert Heathcote, the leader of the English merchants engaged in the West India commerce, urged the reopening of the trade between Jamaica and the Spanish colonies. "We exchange our goods with 'em for nothing but gold and silver, and the goods we traffic with are only wearing apparel and negroes for their mines. . . . This might be done by intimating to the governor to wink or look through his fingers, and when they bring silver or gold to ask no questions at their return. This is done by the Hollanders from Curaçao, and we have as good an appetite for gold and silver as they have, and a much better conveniency from Jamaica to gratify it."[35]

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[34] An account of the French in Spanish America sent by Hedges to Handasyd, January 17, 1706. C.O. 324:30, 60.

[35] Nottingham to colonial governors, February 25, 1703, C.O. 323:5, no. 10(i), Quary to Board of Trade, December 7, 1702, July 25, 1703, C.O. 324:2, 203, C.O. 5:1262, no. 43; Heathcote to ...., August 28, 1703, C.O. 137:45, no. 51; Handasyd to Board of Trade, October 5, 1703, C.O. 137:6, no. 7.

In February, 1704, a circular letter went out to the English colonies. It declared that English subjects might trade freely with the Spaniard—that they might import all Spanish colonial products and export anything to the Spaniards except ammunition, stores of war, and enumerated articles. Soon afterward followed a letter to all English privateers, directing that no injury should be inflicted on either Dutch or English merchants engaged in a trade with the Spanish Indies that conformed to the letter of 1704.[36]

The presence of the French in the Caribbean determined the program of England for the defense of her established trade. First of all the French influence had to be combated and if possible eliminated from the Spanish colonies.[37] To accomplish this, the English conducted a systematic campaign among the Spaniards in behalf of the Archduke Charles, the English candidate for the Spanish throne. Secretary Hedges kept the English colonial governors informed of all the victories of the allies, and this news was dispatched immediately to the Spanish settlements. English hopes rose highest in the summer of 1706. In July, Hedges sent a circular letter announcing that "there was advice of King Charles the 3d's arrival at Madrid, that place having declared for him, so that we have no reason to doubt but in a very short time all Spain will have followed that example, and we hope the Spaniards in the West Indies will not be backward to do the same, and to show their loyalty to their natural sovereign and throw off the yoke of a foreign tyranny."[38]

Governor Handasyd acted as the distributor of this propaganda. He maintained a regular contact with the governors of Cartagena,

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[36] The documents relating to the circular letter to the colonial governors are in C.O. 324:8, 265, 268-70, 271, 340, 370-1, 374. Instructions to privateers, May 4, 1704, *Ibid.*, 437-9.

[37] "In their dealings with Charles III, the British got all the commercial privileges and preferences they could desire, save only the right to trade in their own ships direct to the Indies. Finally, General James Stanhope . . . , got a treaty in which they were granted yearly ten ships of 500 tons burthen to Spanish America." G. N. Clark, "War Trade and Trade War," 1701-13; *Economic History Review*, I (January, 1928), 278.

[38] At Handasyd's request, Hedges sent out a number of copies of a proclamation issued by Archduke Charles granting pardon to all who deserted Philip V. These proclamations were distributed by Handasyd among the Spanish colonists. Hedges to Handasyd, December 7, 1704, C.O. 324:30, 15; Hedges to colonial governors, May 9, 13, 30, June 28, September 3, November 12, 1706, C.O. 324:30, 85, 89, 90, 93, 106, 121. Handasyd to [Hedges?], February 16, 1706, C.O. 137:45, no. 75; for quotation see Hedges' letter of July 4, 1706, C.O. 324:30, 97.

Porto Bello, and Havana, conveying to them in emphatic terms the friendly attitude of England and urging them to cast off the French and to recognize Charles III.[39] Nor would Handasyd allow any plundering parties to go out from Jamaica against the Spanish coasts. He told the Spaniards that the French were planning an open conquest of the colonies, to be followed by their complete economic subjugation.[40]

In these maneuvers England did not lack hope of success. Time after time came reports saying that the Spaniards chafed under the French and would gladly recognize the Archduke Charles.[41] But there was always an "if." As long as French forces remained among the colonists they feared to turn against King Philip. This left the English only one course—to oppose force with force. Accordingly, at Handasyd's suggestion, strong naval squadrons were sent to Jamaica, whence they proceeded to the Spanish coast. They visited the chief ports, bearing entreaties in favor of the Archduke, offering protection, and delivering dispatches that presaged the speedy overthrow of French arms on the continent.[42] But just when success seemed at hand, bad news arrived from Europe. Thus Handasyd wrote in January, 1707: "The Spaniards have had advice . . . that the Duke of Anjou has again in his possession all Spain, and has put to the sword all those who were in the interest of King Charles which has mightily discouraged King Charles' party here, and encouraged those of the Duke of Anjou." And soon came another disquieting report: that there "has lately been a great alteration made in the Spanish governments, those governors who were supposed to be in the interest of King Charles are turned out, and their places supplied by others in the French interest."[43]

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[39] Handasyd to Governor of Cartagena, March 31, 1706: ". . . the great interest that my Queen . . . hath with your King and Lord Charles the Third . . . may be a means whereby you may obtain every thing that you can desire for your advantage.

"Therefore my friend don't refuse that which now so fairly offers for your honour; and the advantage and benefit of your . . . family; and if your honour is disposed to manifest your inclination, pray let me hear from you. . . ." C.O. 137:45, no. 76(iii). See also letter Handasyd to Governors of St. Domingo, Cartagena, Porto Bello, and Havana, December 12, 1705, *Ibid.*, no. 60(i).

[40] Handasyd to Board of Trade, April 1, 1706, *Cal. St. Pap. A. & W. I.*, 1706-8, p. 96; Handasyd to Spanish colonial governors, March 30, 1706, C.O. 137:45, no. 76(ii).

[41] Handasyd to Board of Trade, August 2, October 25, 1706, C.O. 137:7, nos. 30, 34; Whetstone to Hedges, June 18, 1706, C.O. 137:45, no. 79. See also the paper sent by Hedges to Handasyd, January 17, 1706, C.O. 324:30, 60.

[42] In 1705-6, the commander of the British West India squadron, William Whetstone, cooperated with Handasyd in approaching the Spaniards. Whetstone's vessel carried letters to Cartagena, where he sought to induce the governor to declare for Archduke Charles. Whetstone advised Hedges that if a strong naval force superior to that of the French were sent, the Spanish colonists would desert Philip V. Thereupon a strong squadron was sent under Sir John Jennings—a force in addition to the regular naval detachment at Jamaica. Jennings gathered all available ships at Jamaica in order to make the most impressive showing possible before the Spaniards. In June, 1707, Captain Wager arrived at Jamaica with seven warships. Hedges to Whetstone, January 31, 1706, C.O. 324:30, 6; Whetstone to Hedges, June 18, 1706, C.O. 137:45, no. 79; Hedges to Handasyd, November 12, 1706, C.O. 324:30, 121; Handasyd to Board of Trade, January 29, June, 1707, C.O. 137:7, nos. 37, 62.

The English efforts did not effect the intended break between Philip V and his colonial subjects. After the English reverses in Spain and the retirement of Secretary Hedges in 1706 the policy of arousing the Spanish colonies against the Bourbons was not urgently pressed.

Throughout the war English interests had to contend with many difficulties in the West Indies. One grew out of privateering. At first English privateers attacked French and Spanish vessels alike. The Dutch, on the other hand, gave immunity to friendly Spanish ships. Some English privateers even enticed Spanish sloops from the shore with offers of trade and then seized them as prizes. These practices promoted the Dutch interest while England lost favor in the Spanish colonies. Governor Handasyd's complaints on this score received serious attention at Whitehall. But a change in privateering methods was blocked by an imposing obstacle. As long as the Spaniards traded with France and in French goods, the vessels so engaged, even though Spanish, had to be seized by English privateers. In 1707, when the Jamaica trade declined perceptibly, the loss was attributed to the robbing of Spanish vessels—including those carrying goods from the island itself. As a result, Parliament, by an act to encourage trade to America (1708), regulated the West India privateers. A zone was created along the Spanish coast from the river Chagre to Rio la Hacha and reaching five leagues into the sea. In this area the British privateers were not to molest Spanish vessels, even though the latter carried materials of war.[44]

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[43] Handasyd to Board of Trade, August 6, 1706, January, March 8, 1707, C.O. 137:7, nos. 31, 37, 42.

[44] Lists of prizes brought into Jamaica between May 4, 1702, and March 1, 1704, C.O. 137:6, nos. 24(vii), 42(v); Handasyd to Board of Trade, December 31, 1704, February 27, 1705, C.O. 138:11, 380, 391; Board of Trade to Hedges, February 16, 1705, C.O. 389:19,

But the act was not easily enforced. The Spanish trade at Jamaica continued to dwindle through the depredations of privateers, even in the protected zone. It was the view of the Board of Trade that these seizures tended "to the prejudice of a trade much more beneficial to this nation than whatever can be gained by privateering in those parts." The main trouble lay in proving that prizes had been taken within five leagues of the coast. As a remedy, Handasyd was instructed to require that privateers present part of the captive crews to prove the legality of the seizures. "It will be convenient," the Board continued, "that . . . timely notice be given to the Spaniards upon that coast of the care that is taken, not to molest them in their trade with the Queen's subjects, and that in case any damage shall at any time be done to them, . . . they will receive due satisfaction." This assurance the Board hoped would "remove whatever discouragement in that trade they may at present lie under."[45]

England never faltered in her determination to oppose the French advance in New Spain. The Government refused to restrict the operations of its privateers when they were directed against Spanish ships sailing under the auspices of Louis XIV and Philip V. For English leaders concerned in the West Indies believed that the traditional trade between Spain and her colonies had passed into the hands of France. M. du Casse assumed the rôle of commercial dictator in the Spanish Indies, and Havana became the center of French operations. French warships under du Casse served as convoys for merchant vessels going to and from the New World. Spanish colonial ports that were closed to the British opened at the approach of the French. Everywhere French and Spanish vessels went together—the two became almost indistinguishable in the trading fleets of the world. English observers charged that the Spanish colonists were forced to ship their

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209; Hedges to Handasyd, February 22, 1705, C.O. 324:30, 18-19; Board of Trade to House of Commons, November 19, 1707, C.O. 389:19, 219; Board of Trade to Handasyd, July 31, 1707, *Ibid.*, papers sent to Board of Trade by Heathcote, April 3, 1703, C.O. 137:7, no. 8; 6 Anne, c. 37; memorial of William Wood to Board of Trade, January 13, 1708, C.O. 137:7, no. 70.

[45] E. Dummer to Board of Trade, August 18, 1708, January 17, April 1, August 6, 1709, C.O. 323:6, nos. 68, 96, C.O. 137:8, no. 35, C.O. 323:6, no. 83; Handasyd to Board of Trade, December 17, 1709, June 4, 1710, C.O. 138:7, no. 77, C.O. 138:13, 161; Board of Trade to Handasyd, August 23, 1708, April 21, 1709, C.O. 138:12, 321-4, 396.

money and products home in French ships or under French convoys. Louis XIV was even accused of seeking to discard the Spanish flota altogether, and to center the trade directly in France. Not only did the assiento vessels gain admittance into the lands of Philip V, but the importation of general merchandise from France proceeded on a grand scale.[46]

Such was the English view of France in the Spanish Indies. And England did not confine her efforts to privateers. The formidable naval squadrons sent to Jamaica spent their time chiefly in seeking and engaging the Spanish galleons, as well as the flota and its French convoys. At Jamaica the colonial officials kept the movements of the treasure fleet and of French merchantmen under constant surveillance, reporting now the arrival of ships at Santo Domingo, now the intended departure of others from Cartagena, Porto Bello, or Vera Cruz. Many times the English frigates inflicted heavy losses on the French and Spanish fleets, and year by year single vessels of the enemy fell before the prowess of English privateers.[47]

The American trade act of 1708 had sought to encourage privateers by allowing them all the prize goods they captured from the French. But when the goods were brought into a British colony they had to pay the duties to which they would have been subject if entering Britain. The act at first drew all sorts of privateers into Jamaica, and a large number of vessels soon went out in search of the French. But the Commissioners of the Customs required the payment of the duties as provided by law. The Jamaicans then complained that these duties were so high that they made privateering unprofitable, and drove seamen from the island into the arms of the French. The Board of Trade championed the cause of the privateers and its recommendations were incorporated into an act of 1711; prize goods now had to pay only the duties in force under the laws of Jamaica. This remedy appeased the island privateers and British enterprise along this line once more flourished.[48]

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[46] Peter Beckford to Nottingham, February 2, 1703, Hedges to Handasyd, January 17, 1706, Handasyd to Board of Trade, May 12, 1706, Admiral Whetstone, June 18, 1706, C.O. 137:46, no. 1A, C.O. 324:30, 59-60, C.O. 138:11, 480, C.O. 137:45, no. 79. These letters contain typical references to the French in the Spanish Indies. Practically all the letters from English officials at Jamaica discuss the maneuvers of France in her campaign for the trade of the Spanish colonies.

[47] Dummer to ...., August 2, 1708, C.O. 323:6, no. 68; Hamilton to Board of Trade, August 15, 1711, C.O. 137:9, no. 47. Handasyd noted in his letters the captures of important French and Spanish vessels. In the years between 1705 and 1711 he mentions 27 such prizes brought into Jamaica.

Another phase of the Anglo-French rivalry appears in the English naval protection of the trade with the Spaniard. The convoys provided for the Jamaica trading fleet served chiefly to bring home the returns from the Spanish colonies. In the years 1703-1705 the Jamaica merchants complained that the convoys had not sailed with the fleet from England at the right time. They considered December the proper month for leaving England—so that the ships might come home in the late spring. But in these early years of the war, the convoys had not been ready to go to Jamaica until April and May. This made them late in returning, "and when they got through the Gulf of Florida, they always met with such storms (and would always do so after the last of August) that what by foundering and what by the enemy (the fleet being separated from the convoy) they lost each year one half of their ships. . . . And these are the reasons why the Spanish trade has been neglected; the vent of so much of our manufactures lost; besides the disappointment of so much treasure." And so the Board of Trade arranged that a convoy of five fourth-rate ships of war should sail from England at the end of December and return the following spring; thereby the merchants would be able to ship their goods "and carry on this beneficial trade."[49]

Immediately after the London merchants obtained the desired convoy they sent out goods worth £150,000. When such merchandise arrived at Jamaica, it needed further protection on the voyage to the Spanish coast. Otherwise the French seized it and undersold English traders in the Spanish markets. England therefore kept a small squadron of between six and ten vessels at Jamaica to convoy the sloops of the island merchants. During the years 1708-1711, the Crown spent £1,934,000 on warships assigned to the colonies. Approximately 30 per cent of this amount went to Jamaica alone.[50]

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[48] 6 Anne, c. 64; Jamaica Governor, Council and Assembly to the Queen, March 28, 1710, C.O. 137:9, no. 23(i); petition of owners, etc., concerned in Jamaica privateers, *ca.* 1710, C.O. 137:9, no. 1; Board of Trade to Sunderland, May 16, 1710, C.O. 138:13, 129-34; merchants and planters of Jamaica to Lord High Treasurer, *ca.* 1710, C.O. 137:9, no. 23(ii); Popple to Lowndes, January 9, 1711, C.O. 138:13, 314; 9 Anne, c. 29.

[49] Board of Trade to House of Commons, December 4, 1707, C.O. 389:20, 12-16.

At one time the commander of the Jamaica guard-ships required that the merchants pay him a considerable fee for the convoy service. As he demanded more than they would pay, their sloops set out alone. On the return voyage, four were lost. One, bringing £40,000 in pieces of eight, was destroyed, and the others taken by the French. This case came before the House of Commons, whereupon the Board of Trade presented a ringing denunciation of the commander's conduct.[51]

This practice was no sooner stopped than another abuse cropped out: the naval officers themselves engaged in trade, using the convoys as merchant ships. By this means they seemed on the verge of driving the island traders out of business. The latter asserted that "the charges of sloop-hire, men's wages, victualling, wear and tear are in these parts so great, that it must be a more than ordinary profit to answer the expense, whereas the commanders of men of war find all these charges defrayed by the Queen." Consequently, goods carried on convoys undersold the wares of private traders. And there was another objection: that the commanders "trading thus in opposition to the merchants and not so well understanding the trade has been a means of letting the Spaniards into a greater knowledge of the first cost of our goods and the secret of our trade than they formerly had." In response to these complaints, the naval officers were forbidden to take any commodities on board except gold, silver and jewels obtained from the Spaniards.[52]

The solicitude of the Crown for the Spanish trade also comes to light in its attitude toward the British slave traffic. In 1711, when efforts were made to recover the monopoly for the Royal African Company, the Board of Trade listened sympathetically to the protests of the Jamaica traders. Since the act of 1698, they said, the island had been so abundantly supplied "that great quantities of negroes have been yearly exported from thence to the Spanish West Indies, and there sold for gold and silver." The Board finally concluded that the African trade should remain open, lest an exclusive joint stock company be unable to supply the needs of the two Americas.[53]

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[50] Handasyd to Board of Trade, March 5, 1704, C.O. 137:6, no. 42; Admiralty reports on Jamaica guardships, July 4, September 26, 1704, July 2, 1711, C.O. 137:6, no. 57, C.O. 324:9, 36, 482-3; Board of Trade to House of Lords, November 27, 1704, C.O. 389:18, 248; estimate of expense of warships assigned to the colonies, 1708-11, C.O. 390:5, no. 46.

[51] Handasyd to Board of Trade, August 29, 1707, C.O. 389:19, 221; memorial of Jamaica merchants to Board of Trade, received November 17, 1707, C.O. 137:7, no. 64; Board of Trade to House of Commons, November 19, 1707, C.O. 389:19, 221.

[52] Jamaica merchants to Board of Trade, January 3, 1713, C.O. 137:9, no. 79; Hamilton to Board of Trade, January 3, March 5, 1713, April 26, 1715, C.O. 137:10, nos. 13, 14, 79.

Despite the French influence England managed to preserve her trade during most of the war. The exact volume of English exports to Spanish-America cannot be determined. However, a comparison of English exports to Jamaica and to Barbados is illuminating. During seven years, 1699-1705, Barbados imported products from England valued at £933,000. Jamaica's imports had a value of only £819,000. The next seven years, 1706-1712, tell a different story. The imports of Barbados fell to £554,000, a loss of £379,000. Those of Jamaica increased to £1,057,000—a gain of £238,000. The statement of the English merchants that in 1706 they sent goods worth £150,000 for the Spanish trade affords one estimate of its extent. About the same time Handasyd described conditions at Jamaica: the demand for English goods in the Spanish colonies was greater than the island traders could supply. In 1705 an English admiral reported that the Spaniards were "mighty desirous of a trade and correspondence with Jamaica; what sloops have been over with them have been used with great kindness and permitted . . . to trade, even under the walls of their fortifications." One competent observer estimated that in the year after August, 1706 the value of English products sold to the Spaniards amounted to £275,000. In the year 1715, there were entered at the British custom houses goods for the Spanish colonies valued at £196,000.[54]

Whatever the exact volume of the Spanish trade, it is clear that Jamaica became the entrepôt for English goods and provisions in the Caribbean. Likewise this favored island received a lion's share of the slaves supplied by English merchants: in 1706 it was estimated that Jamaica took twice as many negroes as all the other English plantations combined. In the years between September, 1698 and June, 1708, the African Company brought in 6,854 slaves as against 37,522 imported by the private traders, and in thirty months after March, 1709, the latter alone delivered 11,137 to the island.[55]

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[53] Board of Trade to the Queen, February 3, 1708, February 1, 1711, C.O. 389:20, 116-24, C.O. 389:21, 450; Governor, Council and Assembly of Jamaica to the Queen, June 2, 1711, C.O. 137:9, nos. 43(i,ii); Board of Trade to House of Commons, January 27, 1709, C.O. 389:20, 300-4.

[54] The statistics of Jamaica trade are from the British customs records, C.O. 390:5. See also Handasyd to Board of Trade, September 7, 1704, C.O. 137:6, no. 67; Whetstone to Secretaries of State, July 18, 1705, C.O. 137:45, no. 67; estimate of William Wood respecting the trade to Spanish America, August, 1706, to August, 1707, C.O. 137:7, no. 70.

The returns to Jamaica from the Spanish colonies still consisted of coin and bullion. In 1708 Handasyd noted the return of five sloops with £70,000 on board. French prizes also yielded treasure: two alone contained nearly £200,000 in Spanish money. The homeward fleet of 1703, said Handasyd, was as rich a one as ever sailed out of Jamaica, and in 1706 and 1708 he reported that each returning fleet carried £200,000 in bullion. The warship *Crown* left for England in October, 1710 with £80,000 just after the trading sloops had returned from the Spanish coast.[56]

When the trade of Jamaica declined after 1708, this change was commonly attributed to the forwardness of the French in carrying goods directly to Spanish ports in the Pacific. Thus Handasyd wrote in 1708: "If there can be a method found out to prevent the French trading to Lima and the South Seas, trade here will soon be in a flourishing condition." In this instance also Britain found a means of combating the French. It took the form of the South Sea Company, created with the avowed purpose of establishing Britain in the trade of the Pacific.[57]

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[55] Handasyd to Board of Trade, August 2, 1706, C.O. 137:7, no. 30; memorial of Jamaica merchants and planters, 1708, C.O. 388:11, no. 111; answer of separate traders to Africa, January 2, 1708, *Ibid.*; report of slaves imported into the colonies, 1707-8, C.O. 392:12, 260; lists of slaves imported into Jamaica, September, 1698, to June 14, 1708, C.O. 137:8, no. 14(iii); list of goods imported into Jamaica, March 25, 1709, to September 29, 1711, C.O. 137:10, no. 6(ii).

[56] Board of Trade to House of Lords, November 27, 1704, C.O. 389:18, 298; Handasyd to Hedges, December 11, 1704, September 16, 1706, C.O. 137:51, no. 3, C.O. 134:45, no. 84; Handasyd to Board of Trade, July 18, 1705, September 29, November 23, 1708, April 6, May 1, 25, 1709, October 3, 1710, C.O. 137:45, no. 66, C.O. 137:45, no. 90, C.O. 138:12, 362, 364, 410-11, C.O. 137:8, no. 64, C.O. 138:13, 301.

[57] Handasyd to Board of Trade, July 20, 1708, June 4, 1710, March 20, 1711, C.O. 138:12, 336, C.O. 137:9, no. 13, C.O. 138:13, 330; Hamilton to Board of Trade, March 22, 1714, C.O. 137:10, no. 51; Donnan, *Journal of Economic and Business History*, II (May, 1930).

In securing the assiento for the Company at the close of the war, the price Britain paid was the recognition of the title of Philip V. The assiento treaty did not assign the monopoly to a particular company, but allowed Britain, through such agents as she might designate, to put the treaty into effect. Each of the two Crowns was to contribute a fourth of the capital, or 1,000,000 pieces of eight. But the British agents might advance the money for the share of the King of Spain, receiving interest of eight per cent from the profits of the business. The treaty allowed the managers to carry slaves to the Spanish colonies in British ships, and also to export both money and American produce either directly to Britain in British vessels or to Spain by means of the galleons. Once a year the assientists might send a license ship of 500 tons to Porto Bello with the privilege of selling general merchandise to the Spanish colonists.[58]

When the South Sea Company took over the assiento, it agreed to confine its activity to the license vessel and to the traffic in slaves. All other nations, including France, were forbidden to trade with the Spanish colonies save through Spain and the regular trading fleets. However, the Company soon complained that French merchants, acting under Spanish names, had secured passes allowing them to deal directly with the Spanish colonists. An agent of the Company at Jamaica wrote in 1714 that England was not obtaining enough silver to support her East India commerce. The only means of enlarging the supply was a direct trade with the Spaniard in forbidden merchandise. Should Britain try to exclude her subjects from the prohibited trade, they would resort to Curaçao and St. Thomas to the impoverishment of Jamaica. Because of the licenses granted to the French there remained "no room for the Spanish galleons to go at all nor is there any talk of them since the peace or any occasion to send them while the French so abundantly supply the Spanish Indies with goods, so that as our goods by the license ship cannot be sold till the galleons arrive, 'tis to be feared they will not be sold in many years but will remain in the King of Spain's warehouse . . . a pledge for our good behavior on all occasions."[59]

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[58] A copy of the Assiento treaty is T. 1:176, 155-79.

[59] Richard Harris to Board of Trade, received January 3, 1715, C.O. 388:17, no. 87. See also paper submitted by Harris on the French in the Spanish colonies, December 27, 1714, *Ibid.*, no. 86(ii).

The handicap here described was overcome through the convention of 1716 between Britain and Spain, which allowed a ship of 1,000 tons instead of 500 to serve as the license vessel. It also permitted the assientists to dispose of the ship's cargo before the arrival of the galleons for the Porto Bello fair. This concession enabled the Company to use the license vessel as a "floating storehouse" for London merchants "who flooded the great fairs of Porto Velo and Cartagena with their products."[60]

Throughout the long war English trade with the Spanish Indies encountered imposing obstacles and discouragements. First of all it had to meet the rivalry of French merchants holding the assiento and enjoying access to the Spanish ports. It had to weather the attacks of French privateers and warships seeking to drive the English from the Spanish Main. It was obliged to combat the evil effects of unscrupulous English privateers who preyed on friendly Spanish traders. Even the naval commanders that England sent to Jamaica committed abuses that tended to nullify other efforts made on its behalf.

But the English Government met all these difficulties with decision and resolution. No sooner was an obstacle sighted than measures were taken to remove it. Naval convoys were provided that carried English goods safely to the markets of the New World. British privateers and warships fought French trading vessels at every point of attack in the West Indies. To these privateers Parliament granted all the prize goods that they captured. The Crown was not slow in extending to English merchants the privileges that the Dutch were granted by their government. The slave trade was kept open to private traders whose combined efforts were needed to supply the English and Spanish colonists. When reports of the scarcity of English goods for the Spanish trade arrived, the Board of Trade summoned the Jamaica merchants and arranged for the dispatching of larger supplies. The Government was quick in correcting the abuses of which occasionally commanders were guilty. Parliament sought to restrain British privateers from molesting friendly Spaniards. As long as there was hope of overthrowing the power of Philip V in New Spain, English diplomacy was employed in that design.

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[60] Scelle, *American Journal of International Law*, IV, 653, 656.

The peace brought the advantages for which England had gone to war. Both the Dutch and the French had been crowded out of the favored position in the Spanish colonial trade. During the conflict England had been able to secure a continuing supply of the precious metals. Jamaica remained the center of coin in British America. And by the end of the war, the markets so long closed or partially closed had been forced open. Britain and her colonies now enjoyed the best approach to the money trade of the New World.

CHAPTER II

ENGLAND'S TRADE WITH THE SOUTHERN COLONIES

The nation which can bring to market but few articles is likely to be more quickly and sensibly affected by such stagnations [of demand], than one which is always possessed of a great variety of commodities; the former frequently finds too great a proportion of its stock of materials for sale or exchange, lying on hand, or is obliged to make injurious sacrifices to supply its wants of foreign articles, which are numerous and urgent, in proporton to the smallness of the number of its own.—Alexander Hamilton, Report on Manufactures (1791).

Among the many differences between the American colonies of France and Spain and those of England, not the least striking is the effect that each group had upon the industrial growth of the parent state. The French in Canada and the Spaniards in Spanish America, excluding aliens and Protestants, utilized the labor of resident natives, relying upon it to draw wealth quickly from the land—from the *encomiendas* and the silver mines of New Spain and Peru, and from the fur trade of North America. This policy meant that the native peoples, living in a primitive economic state, did not create a great demand for the exports of the mother country. Spain's preoccupation with easily exploited sources of wealth led to a rigid commercial system which stifled trade in Spanish America—even that with Spain herself; and her colonies failed to halt her own industrial decline. The interest of France in the fur trade resulted in the underpeopling of Canada, so that by 1754 her settlers in North America were outnumbered fourteen to one by the inhabitants of the English colonies nearby.

England, on the other hand, by pushing back the Indians and by admitting foreigners of all shades of religious belief into her possessions, peopled them with Britons and Europeans who sought eagerly for the manufactured products of the Old World. Partly as a result of this, her trade with her West Indian and American colonies grew from about one tenth of her total external trade in 1662-69 to approximately one third of the total in 1770. Between 1700 and 1770, the trade of England with America and the West Indies increased about fourfold, whereas her total trade, foreign and colonial, increased only twofold.[1]

In a general way, English policy before 1720 distinguished three classes of commodities involved in the trade of the North American colonies. The first included products which England did not buy from or sell to the colonies. Such were horses, many raw food products—cereals, beef, pork, fish—and crude manufactures like beer, flour, bread, lumber, and rum. Some of these commodities England did not buy from the colonies in order to protect producers of similar commodities in England. She did not sell such products to the colonies either because she did not have an exportable surplus, or because they could be produced more cheaply in America. Because these commodities did not enter into the direct trade between herself and the New World, she placed few restraints upon either the production or the sale of them in the colonies. Even the colonial manufactures in this group did not arouse the hostility of England. They could be produced advantageously in the colonies because the raw material for them was so abundant there, and because the manufacturing processes were so simple as to require but little capital. Foodstuffs, horses, and these crude manufactures, therefore, became the mainstay of the middle and New England colonies. These products, however, were of vital importance to England, for without them her plantations in the West Indies could have been supported only with great difficulty.

The second class of commodities were those which England desired to sell to the colonists. Among these were many things that the colonists before 1715 could not readily produce themselves —firearms, gunpowder, medical supplies, instruments, books, glass, paper, and various highgrade articles for personal or household use. Since the colonists did not compete in producing these commodities, they were subject only to the restriction that they should be bought through England. There were other manufactures, however, which England wished to market in the colonies and which they gave evidence of being able to produce themselves. Such were coarse woolens, ironware, leather goods, hats, and ships. Colonial manufactures of this type were frowned upon in England, and—with the exception of ships—various measures were taken to check their production for export sale in America.

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[1] Beer, *Old Colonial System*, I, 15; David Macpherson, *Annals of Commerce . . .* (London, 1805), III, 508; C.O. 390:5.

The third class of commodities consisted of these which were more profitably produced in the colonies than in England—tobacco, sugar, indigo, rice, fustic, dyewoods, ginger, copper ore, furs, and naval stores. Parliament by 1722 had directed that these products—which were designated as returns—should not be shipped from a colony to a foreign port. In its simplest form the trade of English America was an exchange of English manufactures for colonial returns. But since the northern and middle colonies produced only a small quantity of such returns, the central problem of their trade was that of converting their raw produce and their crude manufactures into some means of paying for European goods.

The commerce of England with the southern mainland colonies has been investigated by many competent scholars. Generally, their studies have emphasized the exchange of commodities, trade routes, markets, and illegal commerce. There is, perhaps, justification for traversing again this familiar ground if the traveler holds a somewhat different point of view. Considering the subject of trade from the angle of the money supply of the colonies, one is confronted repeatedly with the problem of the balance of payments between England and the seaboard south. This problem leads beyond the range of commodity exchanges and routes of commerce to a baffling pursuit of certain invisible items in the trade, such as freight rates, merchants' profits and commissions, insurance, interest, and the importation of servants and slaves. One can scarcely expect to treat these subjects with a large degree of precision or adequacy; all that can be hoped is to indicate their nature and their extremely important bearing upon the money supply of the southern colonies.

The term, invisible items, is used here to include those items in the commerce of the southern area which do not appear in the English custom-house records of English exports to and imports from the colonies. Such records measure roughly the volume of commerce, and—for want of something better—have to be used.

The trade of Virginia, Maryland, and South Carolina with England consisted of a direct exchange of tobacco, rice,[2] furs,[3] and naval stores[4] for English and foreign commodities. Now the

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[2] South Carolina was the only producer of rice on the mainland at this time. In 1699, the agent of proprietors sent a sample of Carolina rice to Whitehall, explaining that grocers assured him it was "better than any foreign rice . . . , and we can have it brought home for less than £4 per ton, which is not dear." By 1713 the yearly exports to England had risen to 3,184 barrels; by 1717 to 7,112 barrels. The price in England in 1714 ranged from £2 to £2 2s. a barrel; in South Carolina in 1715 it stood at 35s. a hundred. Thornburgh to Popple, July 21, 1699, C.O. 5:1258, no. 25; exports for June, 1712, to June, 1713, C.O. 5:1265, no. 29(i); South Carolina Shipping Returns, C.O. 5:508; minutes of Proprietors, September 8, 1714, C.C. 5:292, 76; letter of John Tate, September 16, 1715, C.O. 5:1265, no. 11(i). Exports after Christmas, 1717 were:

	Hundredweight
1717-18	19,530
1718-19	26,232
1719-20	44,914
1720-21	54,853
1721-22	72,238
1722-23	61,005

Report of Inspector-General of Customs on rice imported from the colonies, C.O. 390:5, no. 54.

[3] Maryland had few exports for England other than tobacco, and Virginia only a slight trade in skins and furs that declined rapidly after 1712. A comparison of two three-year periods (1699-1701 and 1713-15) shows a decrease in 26 kinds of fur exported from Virginia amounting to 110,000 furs in all. Excluding deerskins, the fur trade during the years 1699-1715 probably did not bring Virginia more than £5,000 sterling a year. In the three years, 1699-1701, buckskins half-dressed numbered 49,400 as against 10,680 in the years 1713-15. Prices of deerskins are extremely difficult to obtain. Report on Virginia fur exports, 1699-1701, and 1713-15, C.O. 5:1317, no. 36; report on furs imported into England from Virginia, 1699-1715, *Ibid.*, no. 36(a). In the period, 1699-1715, deerskins imported from South Carolina into England averaged about 54,000 annually. The largest shipment in a single year consisted of 121,000 skins. Comparing the years 1699-1701 with the years 1713-15, the increase in buckskins exported numbered 50,000, whereas there was a marked decrease in the number of furs: beaver, 1,904; fox, 3,636; otter, 1,216; raccoon, 2,453. Approximately 850,000 buckskins were shipped to England from South Carolina in the years 1699-1715. The number of otter, beaver, fox, and raccoon skins totaled only 23,700. Other kinds were not of consequence in the trade. Governor and Council of South Carolina to Board of Trade, September 17, 1708, C. O. 5:1265, no. 86; report on skins and furs imported into England from South Carolina, 1699-1715, C. O. 5:1265, no. 28; V. W. Crane, *The Southern Frontier, 1670-1732* (Durham, N.C., 1928) 111-12.

[4] In the years between 1700 and 1704, Virginia and Maryland sent 454 barrels of pitch and tar to England, and South Carolina, 1,271 barrels. The exports of South Carolina increased rapidly. In 1706 they amounted to 2,979 barrels; in 1717 they were: tar, 21,169 barrels; pitch, 11,195 barrels; turpentine, 632 barrels. Carolina prices in 1715 included the following: pitch, 40s. a barrel; tar, more than 30s. a barrel; turpentine, 15s. a hundred. Report on naval stores imported from the colonies, 1700-06, in the Board of Trade to House of Lords, November 27, 1707, C.O. 389:19, 52; C.O. 5:1265, no. 29(i); C.O. 5:508; C.O. 5:1265, no. 11(i). In three years, Christmas, 1712-Christmas, 1715, the exports of lumber and timber from South Carolina to England were: 32 large masts, 21 middle masts, 136½ hundredweight barrel staves, 437 hundredweight pipe and hogshead staves, miscellaneous wood, valued at £18. From Virginia and Maryland similar exports were: 10½ hundredweight heads for hogsheads, 1,629 hundredweight barrel staves, 8 large masts, 15 middle masts, 4 small masts, miscellaneous wood valued at £592 9s., ½ hundredweight spars, 33 loads timber, 25 deal spruce, ½ hundredweight oars, 12 oars. Account of lumber and timber exported from Europe and the colonies to England, 1712-17, C.O. 390:8, 1-9.

English custom records show that, in eighteen years between 1698 and 1717, these three colonies bought goods from England valued at £2,776,963—a yearly average of £154,200. The commodities shipped to England had a combined value of £4,446,227—a yearly average of £246,900.[5] It would appear at first glance that the balance of trade was decidedly in favor of the three colonies—£1,669,264 for the entire period, or an average of £92,700 a year.[6]

These figures, however give only a faint glimpse of the real situation.[7] The values of English exports are estimated as in England; the values of colonial returns are estimated as in the colonies. Consequently, these estimates do not take into account many services purchased by the southern planters from English merchants—purchases which had a decisive effect on the balance of payments and the movement of money within the colonial empire.

The English trade of the southern mainland was conducted by two different methods. The merchants of the English outports generally sold their merchandise in the colonies and bought the returns outright from the planters. The London merchant, on the other hand, customarily acted as agent of the planters, marketing in England the colonial produce consigned to him and using the proceeds to supply the planters with foreign goods. When they purchased from the outport traders, the planters had to pay the freight charges, insurance, and merchants' profits on goods imported. In the case of the London trade, the planters paid—from the proceeds of the sale of their products in England—the freights and insurance on shipments to London, the English import duties, the commissions to their merchant factors, the freights and insurance on goods sent back to the colonies, the interest on money borrowed from their correspondents, and various other minor charges connected with the handling of their products in England.

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[5] Estimates of yearly exports and imports are found in C.O. 390:5.

[6] These statistics can be used only to indicate general trends, and must not be taken literally. Commenting on the records of this period, Lipson says: "The statistics of foreign trade are extremely defective. The custom-house ledger, showing the total exports and imports, was not adopted until 1696. Moreover, the returns, even when available, are based on official, not real values, and so do not afford a correct view of the trade in any year at the current market prices. But this defect is an advantage in one respect; it enables comparisons to be made over long periods on the basis of a uniform standard of prices, so that it is possible to measure the rise or fall in the volume of trade without the disturbing factor of changes in the price level." E. Lipson, *The Economic History of England* (London, 1931), II, 189.

[7] These custom-house records do not make allowance for articles smuggled into England from the colonies. In the case of tobacco, smuggling was widespread during these years. However, smuggling as a whole injured the planters whose tobacco was imported legally, since its effect was to depress the price of all tobacco. Hence there were complaints that tobacco legally imported, in order to meet the competition of smuggled tobacco, had to be sold at prices little above, or even below, the duty. The effect of smuggling, therefore, was to reduce the purchasing power of planters who sold their tobacco on commission in England. Alfred Rive, "The Consumption of Tobacco since 1600." *The Economic Journal*, Economic History Series, I (January, 1926), 67.

Whether the planters bought from the outport merchants or through London agents, they had to pay the freights on goods shipped to them from England. These are not included in the English custom-house estimates of England's claims upon the colonies. Such freight rates, however, were low. Since tobacco was bulkier than European goods, there was always plenty of extra cargo space in the vessels bound from England. During five years, 1709-14, the average tonnage, each year, of vessels sailing from England to Virginia, Maryland, and South Carolina was 14,759 tons.[8] Nearly all these vessels were English owned. The estimate of freight charges must be a guess, since there are not records of cargo tonnage, though the goods exported from England had an average yearly value of £154,200. Assuming that the vessels were three quarters empty and that they earned at the lowest freight rate of the time—£3 a ton[9]—, the total freights would have amounted to at least £11,000 a year. Insurance at 8 per cent alone would have amounted to a yearly average of £12,326.

A second item that does not enter into the customs accounts consists of payments to English merchants for their services in marketing southern produce. These are extremely difficult to ascertain. The amount of such produce handled on commission is uncertain, although more than half of the southern exports were consigned to London agents. Moreover, the commissions varied—with respect to both the percentage charged and the English wholesale prices (very elusive items in themselves) on which the commissions were based. The charges on products sold for English consumption differed from the charges on products for reexportation. Finally, the profits made by the outport traders do not appear in the records of the time.

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[8] Report on vessels sailing from England to the colonies, C.O. 388:18, no. 22.

[9] W. B. Weeden, *Economic and Social History of New England* (Boston, 1890), I, 369-70, gives £3 a ton as the ordinary freight charge from London to Boston.

In the face of these uncertainties only a few definite facts respecting commissions can be established. The most common charge was 2½ per cent. This was based, not upon the colonial price of the product, but upon English wholesale prices, which included freight and customs. This is highly important, since such charges increased the English price many times above the colonial price. When tobacco sold for 1¾d. in the colonies, the English wholesale prices ranged from 10d. to 11½d. a pound.[10] An estimate of the commissions earned in London in 1720 gives a figure between £12,500 and £15,000 sterling.[11]

On the whole, commissions do not appear to have caused serious dissatisfaction among the planters. The charge was fixed and probably not excessive, amounting to less than a farthing on a pound of tobacco. Other features of the trade irked the planters much more than commissions—heavy freight charges, high customs duties in England, the low price of tobacco, and the high price of English goods returned to the colonies.

A third item that does not appear in the customs records consists of slaves purchased by the planters—at this time almost exclusively from English merchants. Taking the period 1699-1708 as a whole, it would seem that the yearly purchases of the three southern colonies amounted to at least a thousand slaves.[12] Sale prices varied between £20 and £54. Perhaps the total bill against the planters on this score amounted to £30,000 a year. In 1710, Virginia placed a duty of £5 on newly imported negroes, asserting that the slave trade was then running the colony into debt.[13] The governor and Council of South Carolina reported in 1708: " 'Tis our opinion that the value of our import is greater (if we include negroes) than our exports."[14] During the years 1703-06, the Royal African Company received from Virginia two hundred and two bills of exchange amounting to £8,593 for the purchase of slaves. Of these bills sixty-one (representing £2,253 or 26 per cent of the total sum) were protested by the English merchants on whom they were drawn.[15]

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[10] U. B. Phillips, *Life and Labor in the Old South* (Boston, 1929), 41; Leonidas Dodson, *Alexander Spotswood* (Philadelphia, 1932), 42n. In 1730, a hogshead of tobacco sold in England netted £21. The freight charge was £4, or 18 per cent, and the commission 15s., or 3 per cent. M. S. Morriss, *Colonial Trade of Maryland, 1689-1715* (Baltimore, 1914), 37, citing British Museum, Additional Manuscript 22265, 102. A sale recorded for the year 1735 discloses "a commission of 2½ per cent on duties and selling price." L. C. Gray, "The Market Surplus Problem of Colonial Tobacco," *William and Mary College Quarterly*, Second Series, VIII (January, 1928), 2.

[11] The importation of tobacco into England from Virginia and Maryland in 1720 amounted to 34,138,368 pounds. C.O. 390:5, no. 47. England reexported that year 23,371,837 pounds. *Ibid*. The price in Virginia was estimated at 1½d. a pound; in Maryland at 1d. Charges to England amounted to 2d. a pound. Dodson, 42n. Customs were 6⅓d. a pound on tobacco sold in England; ½d. on tobacco reexported. Virginia probably sent 64 per cent of the total; Maryland 36 per cent. Morriss, 35. Probably two thirds of the tobacco imported was consigned to London merchants. C.O. 388:18, no. 22.

[12] Importations of slaves into South Carolina were: 24 in 1704; 1,100 in five years before 1709 (300 men, 200 women, 600 children); 262 in twelve months after June 6, 1712; 512 in 1717; 601 in 1720. Elizabeth Donnan, "The Slave Trade into South Carolina before the Revolution," *American Historical Review*, XXXIII (July, 1928), 805; C.O. 5:1265, no. 29(i); and South Carolina Shipping Returns, C. O. 5:508. Prior to 1698, Maryland received her slaves from Barbados. Prices in 1696 varied from £31 to £41 sterling. In 1698, 470 negroes were imported. Between May, 1699 and October, 1708 the total number of arrivals was 2,938. The slave population of the province rose from 4,475 in 1704 to 8,408 in 1712. Importations in 1708 numbered 648; prices for male negroes were then £30

Comparable to the purchase of slaves was the importation of indentured servants. In the years 1664-71, Virginia was receiving 1,500 of these a year. Maryland imported 1,681 during three years, 1696-98—a yearly average of 560. In 1708, Maryland's servant population numbered 3,003, indicating that the importations, 1703-08, must have averaged between 600 and 750 a year. Sale prices at this time varied between £15 and £20 sterling. Virginia probably bought twice as many as Maryland. Perhaps the total bill against the two colonies amounted to £30,000 a year.[16]

Another circumstance touching the southern trade must be considered. Undoubtedly the prices assigned by the customs officials to colonial produce were at times too high. The customs rating of tobacco during the years 1700-10 was 1¾d. a pound, whereas

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sterling; for women, £25 or £26 sterling. The trade was carried on almost exclusively by London merchants employing English vessels. Private traders rather than the Royal African Company supplied the planters, who paid for the slaves with bills of exchange on London. Morriss, 79-81; Seymour to Board of Trade, November 18, 1708, C.O. 5:716, no. 66; report on slaves imported into Maryland, May 2, 1699 to October 25, 1708, *Ibid.*, no. 66(i). Virginia likewise bought from Barbados prior to 1692. T.70: 275,276. Nicholson reported, August 1, 1700, the arrival of a vessel from Guinea bringing 230 slaves, which sold at between £28 and £35 sterling. There was a demand then for 2,000. Nicholson to Board of Trade, C.O. 5:1312, no. 1. Between June 24, 1699 and October 12, 1708, 36 vessels—all English—imported 6,371 negroes. The Royal African Company supplied 697 of these; private traders, 5,692. C.O. 5:1316, no. 15(ii). Governor Nott, writing to the Board of Trade, September 22, 1705 said that 1,800 negroes had been imported that summer, selling at £54 sterling. C.O. 5:1314, no. 66.

[13] Spotswood to Board of Trade, March 6, 1711, C.O. 5:1316, no. 62.

[14] Report of Board of Trade, September 17, 1708, C.O. 5:1264, no. 86.

[15] Entries of Bills of Exchange Received by the Royal African Company, January 16, 1703 to August 5, 1718, T. 70: 282.

[16] Morriss, 77; J. C. Ballagh, *White Servitude in the Colony of Virginia* (Baltimore, 1895), 41, 92.

reports from Virginia and Maryland at this time give a much lower figure—often below 1d. a pound. During these years, therefore, the assets of the planters were less than the custom estimates make them appear.[17]

And yet another item must be considered—the freight on tobacco shipped to England. In 1718, Henry Martin, Inspector-General of the Customs, wrote: "Very much the greatest part of the value of our plantations goods is imported in English shipping and on the account and risk of the planters themselves, who therefore must pay the freight to England . . . by a part of the goods imported, in which case our very shipping is an exported commodity, that purchases so much of the value of imported goods."[18]

Freight charges on tobacco and furs to London varied between £6 and £9 a ton in time of peace, rising to £12, £14 or £16 a ton in time of war.[19] Insurance was included in the freight charges: in 1710, the Board of Trade reported that "a further cause of the increase of freight is the great premiums paid for insurance of ships trading to the plantations, which, as we have been informed, is at present sixteen guineas per cent without convoy and half that sum, if with convoy."[20]

In sixteen years, 1703-18, Virginia and Maryland shipped at least 419 million pounds of tobacco to England.[21] Assuming an average charge of £7 a ton, the total freights would have amounted to at least £82,000 a year. This charge (a low estimate) had to be added to the sale price of the tobacco in England. If the price was low, the planters had to pay the freights from what otherwise would have been their profits of the trade. This is not an idle supposition; there were many references to forced sale of tobacco at low prices which barely covered, or failed to cover, freight and customs. The merchants who sold the tobacco in London were frequently the owners of the vessels which earned the freight.[22] Hence they were in a position to extract all their earnings before the planter received anything.[23]

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[17] Morriss, 38-9; report of William Byrd on sale of quit-rent tobacco in Virginia, 1702, C.O. 5:1313, no. 30(xi); Nott to Board of Trade, December 24, 1705, C.O. 5:1315, no. 11; Seymour to Board of Trade, June 23, 1708, C.O. 5:716, no. 54; Spotswood to Board of Trade, August 18, 1710, and July 25, 1711, C.O. 5:1316, nos. 51 and 71.

[18] Discourse on England's balance of trade, C.O. 390:12, 20-1, 27-8.

[19] Weeden, I, 249 *n*. On March 6, 1689, William Byrd, 1st, referred to rates on shipments of tobacco at £6 a ton; on July 19, 1690, at £14. "Letters of William Byrd, First," *The Virginia Magazine of History and Biography*, XXVI (January, April, 1918), 20, 133.

[20] Report of February 14, 1710, C.O. 389:21, 69.

[21] "An Account of the Imports and Exports of Sugars and Tobacco from Christmas, 1702 to Christmas, 1722 . . ." C.O. 390:5, no. 47.

The spokesmen of Maryland complained repeatedly of high freight rates, asserting that they made it impossible to sell tobacco at a profit. The Assembly in 1704 ordered shipowners to post publicly the rates at which they would transport tobacco. "The intent of the law," wrote Governor Seymour, "is to prevent the planters being abused by some masters who give fair words and say they will go as cheap as others and at last agree among themselves to sign the bills of lading at an unexpected great freight to the dissatisfaction and prejudice of the 'affreighter'." The Assembly also tried to regulate the size of hogsheads in hope of reducing freight charges, but its act for this purpose was disallowed, the Board of Trade guarding the interests of English shipowners with a jealous eye.[24]

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[22] William Fitzhugh wrote to his merchant Cornelius Serjeant, July 1, 1698: "Since you are concerned in several ships to come this year for Virginia, I shall desire you to secure me in one of your ships two tons and a half at least . . . , and ten hogsheads uncertain. . . ." "Letters of William Fitzhugh," *The Virginia Magazine of History and Biography*, VI (July, 1698), 62-3.

[23] ". . . but when there's any hopes of profit, then we [Virginians] may have a little after the owners, masters, and sailors are served." "Letters of William Byrd, 1st," *Virginia Magazine*, XXVI, 250. Referring to English shipowners, William Byrd, 2d, on August 20, 1733 mentioned their "general cry that we are chargeable with their losses, when it happens thro' their own indiscreet conduct, and we have no other hand in it but because we have no encouragement to give a larger freight." "Letters of William Byrd, 2d, of Westover, Va.," *The Virginia Magazine of History and Biography*, IX (October, 1901), 115.

[24] Act of October, 1704, C.O. 5:729, 28-9; Seymour's remarks, July 3, 1705, C.O. 5:715, no. 87 (vii, 36-7). See also "A scheme to prevent abuses in the plantation trade, to lessen the high freight of tobacco, etc.," sent by Seymour to the Board of Trade, June 26, 1705, C.O. 5:715, no. 91(iii). This scheme proposed that every year all tobacco was to be brought to five designated ports and there sold or shipped. The advantages of the plan were: (1) it would make it possible for merchants to secure sailors, in that it would lessen the risks of illness to seamen attending a long stay in Maryland; (2) all ships would be ready to sail before they were exposed to "the worm"; (3) when all ships were loading together, those first laden would be able to help the others. "In case the planter does not think fit to dispose of his tobacco but freight it, the master of the ship, in consideration of its being ready to take on board his sloop or vessel whereby he will be enabled to make the greater dispatch in his voyage, which is the life of trade, will and may well afford to be the more reasonable in his freight, being thereby exposed to less risk and charge in rolling it and fetching it from many distant plantations." For the controversy in Maryland over the size of the hogshead, see bill of 1703, C.O. 5:1314, no. 27(iii); act of October 3, 1704, C.O. 5:716, no. 50; act of April 15, 1707, *Ibid.*, no. 34(i); memorial of Messrs. Perry, Lane, Hyde, Wharton and five others, received, December 5, 1707, *Ibid.*, no. 34; memorial of merchants trading to Virginia and Maryland, March 16, 1708, C.O. 5:716, no. 47; see also paper "Reasons for the altering the excessive size of casks in Vir-

South Carolina tried another remedy when the Assembly placed a duty of 1½d. on every skin exported in English vessels as against ¾d. on skins carried in native vessels. A London shipowner, Michael Cole, complained of this. For eight years, he said, he had traded profitably with Carolina. But the people of the province, finding that the competition of English shipping left their own vessels idle, had imposed the hostile duty. This made a difference of £3 a ton, "which is half the freight, so that the ships belonging to England must lie there till worms shall let their bottoms out." The Board of Trade protested immediately to the proprietors, and the complaints ceased.[25] Soon afterward the Assembly again attempted to foster local shipping, but in 1717 most of the trade with England still employed English vessels.[26]

Three additional facts suggest that the southern colonies were not so favored as the English customs records imply. The planters were frequently in dire need of manufactured goods; the price of English merchandise was much higher in America than in England; and the southerners became seriously involved in debt.

The rapid extension of tobacco growing between 1703 and 1713, occasioned by the increasing importation of slaves, and accompanied by a contraction of European markets during Queen Anne's War, placed the planters of Virginia and Maryland in a dreadful plight. References to a scarcity of European goods appear constantly in contemporary reports. It was said that ships coming to Maryland in 1708 brought only protested bills of exchange.[27] The Virginia Council complained in 1711 that "the importation of British manufactures and other European commodities by the merchants, whereby in former times the planters were plentifully supplied with clothing and other necessaries . . . is now

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ginia and Maryland and taking off unreasonable penalties made by their late law in Maryland." *Ibid.*, no. 47(i); Board of Trade to the Queen, March 23, 1708, C. O. 324:32, 85; Order in Council, April 1, 1708, C.O. 5:716, no. 49. *Idem*, April 20, 1708, C.O. 324:32, 95-7; Seymour to Board of Trade, January 10, March 10, 1709, C. O. 5:716, nos. 68, 69.

[25] Memorial of M. Cole, February 17, 1702, C.O. 5:1261, no. 48; Board of Trade to the Proprietors of Carolina, March 3, 1702, C.O. 5:289, 85-6.

[26] Act of June 28, 1711, C.O. 5:411, 185; South Carolina Shipping Returns, C.O. 5:508.

[27] Seymour to Board of Trade, June 23, 1708, C.O. 5:716, no. 54. For other accounts of the scarcity of European goods in Maryland, see Seymour to Board of Trade, August 21, 1706, and June 10, 1707, C.O. 5:716, nos. 20 and 29; president and Council of Maryland to Board of Trade, November 4, 1710, C.O. 5:717, no. 43; Hart to Bolingbroke, July 11, 1714, C.O. 5:720, no. 20.

in a manner wholly left off, and the small supplies which some merchants yet adventure sold at such prodigious rates as they please to put thereon, whereby many families formerly decently clothed and their houses well furnished are now reduced to rags and all visible marks of poverty."[28] An observer in South Carolina wrote in 1715 that clothing for negroes was in great demand, and would purchase naval stores at easy rates.[29] Although the paper balance of trade during these years shows an excess in favor of the planters, it is clear that it was being consumed by payments for freights, merchants' services, and slaves, and that there was no surfeit of European goods in the colonies.

The items of freight and merchants' charges are clearly reflected in the prices of English goods in the tobacco area. Governor Seymour asserted in 1708 that for several years past only a few goods "have been sold under 300 per cent,"[30] and the Council of Maryland reported in 1710 that "all manner of clothing and English goods is and has been excessive dear all this war, the country merchants advancing 200 per cent on their commodities."[31] Quite obviously the prices which the planters paid were not the prices used by the English custom officials in reckoning the value of exports to the colonies.

The testimonials of indebtedness are especially numerous at this time. The Virginia Council thus described the situation in 1711: "The credit of the merchants and more considerable planters which seven years ago was as flourishing as any other of Her Majesty's plantations is now sunk to an incredible degree; those who either by their own industry had acquired or from the more prosperous fortunes of their ancestors received considerable estates have instead of improving thereof in the way of tobacco trade, by continued decay of that commodity, so far involved themselves in debt that they have little left but the melancholy prospect of their ruined posterity."[32] An equally dark picture was drawn by the leading London merchants in 1714. "It is certain," they wrote, "that of late years plantation tobacco hath been often sold for less than custom, freight and charges, that the exports of our woolen and all other manufactures to Virginia and Maryland are diminished at least one half."[33]

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[28] Memorial of September 11, 1711, C.O. 5:1316, no. 100(ii).

[29] Letter of John Tate, September 16, 1715, C.O. 5:1265, no. 11(i).

[30] C.O. 5:716, no. 54.

[31] C.O. 5:717, no. 43.

[32] C.O. 5:1316, no. 100(ii).

There can be no question that during Queen Anne's War Maryland was not receiving enough from her tobacco to pay for her imports. In 1706 Governor Seymour spoke of "how much the country is already indebted" to the London merchants, "very many plantations being mortgaged to them, of which there seems little probability of redemption, considering the growing interest."[34] An act of 1714 recited how the planters "are become vastly indebted, and no prospect as yet appearing of any means whereby they may extricate themselves out of their miserable and deplorable circumstances."[35]

A number of Maryland acts of the time aimed to alleviate distress of this sort. One in particular (1708) allowed imprisoned debtors who had no property assets to clear themselves of debt and to secure their freedom. The London merchants objected emphatically, asserting that it allowed the planters to assign their negroes and lands to friends, and by assuming bankruptcy, to defraud their creditors. The merchants had given credit to the planters "not upon known or supposed stock they had but upon their justice and future crops." Now the planters were trying to secure their future labor for themselves—"the very foundation on which the credit was solely given, and by which those plantations have been supported and peopled, and the trade itself sustained and without which it had been altogether unable to have been carried on." The Board of Trade defended the merchants by securing the disallowance of the law. The debts owed to English merchants "ought to be distinguished from those between inhabitant and inhabitant, and excepted out of such acts." The merchants became so aroused at this time that they protested against the signing of any colonial measure affecting commerce unless its enforcement were suspended until the Queen had approved.[36]

At the same time the Assembly passed an important act relating to bills of exchange. Before 1708 the law of the province required that the drawer of a protested bill of exchange should pay 20 per cent damages to the payee. Because of the great increase of protested bills—"the epidemical distemper this country labors under"—the Assembly in 1708 reduced the penalty from 20 to 10 per cent. "The greatest part of the inhabitants," wrote Seymour, ". . . being very greedy of credit and having larger expectations from the home market for their export than reasonable . . . have of late years drawn so many bills of exchange on their merchant consignees . . . that fortune herself being ashamed to second their extravagant hopes, they are become miserably in greater debts . . . than their all will suffice to discharge, and the large allowance of twenty per cent on protested bills of exchange being observed to be the only motive to such large credit so pernicious to this province, the lessening it was thought the only expedient to prevent that mischief in order to keep within compass an unthinking, careless people many of whom, for fear of imprisonment, have lately deserted their plantations, perhaps mortgaged to the most eminent merchants in London, and withdrawn themselves to North Carolina and elsewhere."

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[33] "A Brief Account of the Tobacco Trade," presented to the Board of Trade, June 2, 1714, by Perry and Hyde, C.O. 5:1316, no. 108.

[34] C.O. 5:716, no. 20.

[35] C.O. 5:729, 79.

[36] Representation of Board of Trade, October 18, 1709, C.O. 5:727, 133-5; memorial of London merchants, received September 23, 1709, C.O. 5:716, no. 67; Order in Council, October 24, 1709, C.O. 5:716, no. 67(a).

The 10 per cent penalty, however, did not appeal to the London merchants. The other plantations allowed 15 or 20 per cent on protested bills; by the new Maryland law the planters would not pay "common interest for money so drawn, it happening that often eighteen months and two years [elapse] before the bills can be returned to be demanded . . . and often by death the bills are lost and at best the loss of disappointments is very considerable in trade." The Crown accepted this view and the 10 per cent act was disallowed in 1709. The 20 per cent penalty thereupon went back into effect. This, according to Governor Hart, induced "some avaricious persons to procure two or three protests in one year," and the Assembly accordingly modified the law in 1715. If bills were protested within eighteen months, the penalty was 15 per cent; after eighteen months it rose to 20 per cent.[37]

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[37] Seymour's remarks on Maryland laws, July 3, 1705, C.O. 5:715, no. 87 (vii, 39-40); Seymour to Board of Trade, August 28, 1705, and January 10, 1709, C.O. 5:715, no. 88, and C.O. 5:716, no. 68; Seymour's comment on "an act ascertaining what damages shall be allowed on protested bills of exchange," December, 1705, C.O. 5:715, no. 69(iii); memorial of London merchants, received September 23, 1709, C.O. 5:716, no. 67; representation of Board of Trade, November 29, 1709, C.O. 5:727, 141-2; Order in Council, December 15, 1709, *Ibid.*, 162-3; Hart to Bolingbroke, July 30, 1715, C.O. 5:720, no. 21; act of June 3, 1715, C.O. 5:729, 107-8.

Although it is impossible to determine accurately all the payments made by the planters for freight, merchants' services, slaves and indentured servants, this fact should not blind one to the high importance of these items in the southern trade. Such invisible earnings were probably the most abundant sources of the stream of profit flowing from North America to enrich England. They provided the assets which transformed a balance of payments seemingly unfavorable to England into one that was highly favorable.

In the meantime, neither Virginia nor Maryland carried on an outside trade which supplied them with hard money. It is true that their commerce with the West Indies was growing steadily after 1690, but this served principally to bring in sugar, molasses, rum, and slaves for domestic use. Since the balance of payments was against them in their trade with England, the little coin they imported was sent away to redress the unfavorable balance. A shortage of money resulted which forced the planters to utilize their native products as the local medium of exchange. It was more profitable for them to use specie for purchases abroad than to keep it at home as currency.

At this point it may serve a useful purpose to consider the advantages and disadvantages to the southern colonies of their membership in the British Empire. The providing of convoys by England in time of war certainly ranks high among the benefits conferred. When it is remembered that Virginia and Maryland shipped annually some 11,700 tons of tobacco to England, and that insurance rates for vessels sailing under convoy were only half as high as those for vessels sailing alone, the very material saving to the colonists becomes apparent. During the four years, 1708-11, England spent £192,000 on naval protection of the coasts and trade of Virginia and Maryland.[38] In the meantime the Crown evinced a deep concern in the regular supply of convoys, requiring trading vessels to sail in guarded fleets, and endeavoring to reconcile the conflicting demands of the merchants of London and the outports for naval protection.[39] In those days of unrestrained piracy and privateering it is barely conceivable that the tobacco colonies could have maintained a war time trade with Europe without the sheltering cover of the English Navy.

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[38] Estimate of expense of British warships engaged in defense of the colonies, C.O. 390:5, no. 46.

[39] The London merchants petitioned that a single fleet, under convoy, should leave England in the late summer and depart from Virginia the following spring. The outport merchants preferred to sail from England in January and begin the return voyage in the summer. They also wanted the privilege of sailing without convoy when their ships were armed. The

In the second place, the planters received the benefit of pressure exerted by English diplomacy and the English exporters to open and retain markets for colonial products in Europe. About 65 per cent of the tobacco shipped from America was reexported to the Continent.[40] The backing of a strong government and of a developed trading interest was needed at the time to secure outside concessions of one sort or another. As a result of the exertions of the Crown and the London merchants, colonial tobacco first gained admission to Russia in 1698. Thereafter the Board of Trade endeavored to prevent English tobacco manufacturers from exposing the secrets of their trade in Russia, lest the Russians should learn how to manufacture their own tobacco, to the prejudice of the colonial trade.[41] At a time when all commerce with France

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London merchants argued that the ships should arrive so that the planters could be supplied before winter; moreover, the crop was ready to ship by winter. The single fleet was favored by the Virginia Council, inasmuch as the members believed that several fleets lowered the price of tobacco in England. Buyers were held back by fears that later fleets would flood the market. Were all tobacco imported at once, the assurance of fixed supply would stabilize prices. The outport merchants objected that the tobacco they dealt in was not ready till the spring; it was wasteful to keep their ships in the colony throughout the winter. The Board of Trade favored the single fleet, but the outport merchants were unyielding. Consequently, two convoys were provided, and toward the close of the war several ships were licensed to sail alone. Quite obviously England was able to protect her shipping in the tobacco trade, and the planters seem not to have suffered greatly through warfare on the sea. Memorials of London merchants, 1702, 1703, 1706, C.O. 1313, nos. 4(i), 5, 20, and C.O. 5:1315, no. 19; memorials of outport merchants, 1702, 1703, 1706, C.O. 5:1313, nos. 6 and 18, C.O. 5:1364, 434-5, C.O. 5:1315, no. 17, C.O. 5:1316, no. 30; president and Council of Virginia to Board of Trade, August 29, 1706, C.O. 5:1315, no. 34; Board of Trade to the Queen, April 26, 1706, C.O. 5:1362, 44-8; Order in Council, February 20, 1707, C.O. 5:1315, no. 44. In C.O. 324:30 are copies of special orders (42 in all) given to ships in the years 1710-12 allowing them to sail without convoys.

[40] C.O. 390:5, no. 47.

[41] In 1698, the Czar, while in England, entered into an agreement with four merchants allowing them the exclusive right of importing tobacco into Russia for seven years. During the term of this contract the merchants sent a skilled workman to Russia to manufacture, according to English methods, a quantity of tobacco they had on hand. When the first contract was about to expire, very definite rumors circulated to the effect that another group of London merchants were seeking a new grant. Their enemies charged that they aimed not only to exclude all other merchants from the trade but also to send over English workmen to teach the Russians how to manufacture their own grown tobacco. This prospect aroused the English exporters and they protested vehemently against it. They also denounced the original contractors for sending over their workman, asserting that his mission was to manufacture Russian tobacco according to English methods. Naturally the merchants as a whole now urged that the direct trade with Russia should be thrown open to all the English exporters. The Board of Trade acted promptly. It secured the recall of the con-

was under ban, an order in council of 1708 allowed neutral ships to carry tobacco from England to the enemy.[42] Likewise when the Board of Trade learned of the loss of the Spanish market for six thousand to ten thousand hogsheads, it recommended in 1706 that English soldiers in the peninsula be supplied with Virginian tobacco, and urged an open trade with the ports in the hands of Charles III.[43] When English merchants complained of either high duties on tobacco or internal tobacco monoplies—as in Venice, Sicily, and Flanders—the Government by negotiations attempted to remove such restrictions.[44] Most of these measures were adopted after the Board of Trade had made an extensive survey of the spread of tobacco raising in Germany and Holland—a survey that revealed the need of drastic action to preserve the European mar-

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tractors' workman, and had the instruments he had taken with him destroyed. It also prevented the sending of other artisans to manufacture Russian tobacco, and proposed a treaty with the Czar that would allow all English merchants to engage freely in the trade. Petition of traders and planters of Virginia and Maryland, *ca.* 1697, C.O. 5:1309, no. 25; account of the contract of 1698, C.O. 5:1314, no. 59(i); address of the contractors to Board of Trade, May 23, 1705, *Ibid.*; Board of Trade to House of Lords, November 19, 1707, C.O. 389:19, 234-6; Board of Trade to the Queen, May 26, 1705, C.O. 5:1361, 227-8; petition of merchants, planters and manufacturers of tobacco, received, April 23, 1705, C.O. 5:1304, no. 56(ii); memorial of Perry, *et al*, received, May 10, 1705, C.O. 5:1314, no. 57; memorial of Messrs. Gould, Heathcote and Dawsonne to Board of Trade, received, June 14, 1705, *Ibid.*, no. 62; Board of Trade to the Queen, June 15, 1705, C.O. 5:1361, 356-8; petitions of merchants, planters, and manufacturers of tobacco, *ca.* February, 1706, C.O. 5:1315, no. 10, and C.O. 5:1361, 445; letter from Messrs. Gould, Heathcote, Dawsonne and Haistwell, March 5, 1706, C.O. 5:1362, 12-13; petition of Messrs. Hyde, Wharton, Linton, Milner and Coutts, April 26, 1706, C.O. 5:1315, no. 29; petition of Virginia and Maryland merchants, received, June 17, 1707, *Ibid.*, no. 62; representation of Board of Trade, April 26, 1706, C.O. 5:1362, 51-2.

[42] A petition of John Linton, March 14, 1706, stated that England had lost the French market for 8,000 to 10,000 hogsheads to the Dutch. C.O. 5:1315, no. 16. See Quary to Board of Trade, April 2, 1706, C.O. 5:1315, no. 22; opinion of J. Cooke, Advocate-General, April 9, 1706, *Ibid.*, no. 25; Board of Trade to the Queen, April 26, 1706, C.O. 5:1362, 49-50; Order in Council, February 20, 1708, *Ibid.*, 288-9.

[43] C.O. 5:1362, 51.

[44] See "Reasons for Several Clauses in the Project of a Treaty of Commerce with Venice," entered, December 19, 1712, C. O. 389:23, 191-2; memorial from Sicily merchants, entered, October 27, 1713, C.O. 389:22, 449; representation of British merchants trading to Flanders, *ca.* 1712, C.O. 389:23, 197; project of a treaty between Great Britain and the Spanish Netherlands, October 30, 1713, *Ibid.*, 460-2; Bolingbroke to Board of Trade, November 12, 1713, *Ibid.*, 485-6; Board of Trade to Bolingbroke, November 13, 1713, *Ibid.*, 488-9; petition of merchants trading to Virginia and Maryland, May 23, 1709, C.O. 388:12, no. 9; petitions of outport merchants regarding a treaty of commerce with France, May 28, June 1, 1709, *Ibid.*, nos. 14(i), 15 (iii); observations of Board of Trade on treaty of commerce with France, December, 1713, C.O. 389:24, 71, 79-80; Quary to Board of Trade, April 2, 1706, C.O. 5:1315, no. 22; Board of Trade to Hedges, C.O. 5:1362, 29; Board of Trade to House of Lords, November 19, 1707, C.O. 389:19, 239-40; memorial from merchants trading to Genoa, Leghorn and Sicily, 1712, C.O. 388:16, no. 67.

kets against foreign competition.[45] The aggressive support given by English commerce and diplomacy to the reexportation of colonial products is an element in the English colonial system that has not received sufficient attention.

Since 35 per cent of the tobacco of Virginia and Maryland was consumed in England, the monopoly it enjoyed in the home market was a benefit of real value. By 1700 the ban on English grown tobacco had killed the native industry, and the high duties on Spanish tobacco had allowed the colonial product to dominate the English market. The preferred position of the colonies is indicated by the fact that the retail price of their tobacco in England between 1674 and 1702 ranged between 2s. 6d. and 1s. 6d. a pound, whereas Spanish tobacco cost between 6s. and 8s. a pound.[46]

The high duties levied in England on colonial tobacco after 1703—6⅓d. a pound—constituted the chief cause of dissatisfaction among the planters. Of this duty 3d. had to be paid within nine months after importation and 3d. within eighteen months.[47] Late in Queen Anne's War, these charges became a serious burden to the trade. Large stocks of tobacco had accumulated in England, upon which the merchants could not pay the duties. When the Crown ordered in 1711 that they should be paid when due, the merchants answered that such payments would make it impossible to unload incoming cargoes. Then their vessels could not return to the colonies with supplies; the next crop would lack shipping; all this would divert the planters from tobacco raising to home manufactures. If the merchants tried to dump the surplus in Europe, the resulting low prices would impoverish the planters. The latter petitioned for both a reduction of the duty and permission to delay payment until their tobacco had found a buyer.[48] Parliament refused the first request, but it did enact in 1714 that the whole duty need not be paid until after eighteen months.[49] During these years a drawback of all but a half-penny was allowed upon reexportation. High as the duty on the colonial product was, it was much lower than on foreign tobacco. And of course the tobacco duties were not in essence a part of the colonial system; Virginia and Maryland would have had to pay all but the half-penny if they had not been parts of the Empire.

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[45] The Board found that tobacco raising was spreading rapidly in the provinces of Utrecht, Gelderland, and Overyssel, as well as in the Duchy of Cleves. Pomeranian and Brandenburg tobacco had increased in recent years by 20,000,000 pounds; there was likewise an expanding production at Frankfort and Strasburg and in Hungary. Amsterdam alone had thirty or forty large spinning houses making roll tobacco, and one Dutch merchant employed 1,300 workers who raised and manufactured tobacco for the Russian markets. France, which had formerly bought in England, was now being supplied by the Dutch. The English merchants had lost a market for 1,000 hogsheads at Riga and Reval, and the Dutch were exporting 12,000,000 pounds to Norway, Sweden, Denmark, Jutland, Danzig, and Konigsberg. The total production of the Dutch had increased from 10,000,000 pounds in 1700 to 27,000,000 in 1706. Board of Trade to the Queen, July 1, 1707, C.O. 5:1362, 239-47.

[46] Thorold Rogers states that before 1685 the duty on Spanish tobacco was 6d. a pound; on colonial, 1d. In 1685, the duties were changed to 1s. and 4d. respectively. He estimates from his data that the average price of Spanish tobacco in the seventeenth century was 9s. 3½d. a pound; that of plantation tobacco, 2s. 2¼d.—*A History of Agriculture and Prices in England* (Oxford, 1866-1902), V, 467-8. Elsewhere he says: "One of the most significant illustrations of the progress made by the American plantations is the rapidity with which Virginian succeeded Spanish tobacco."—i.e., in the English market. *Ibid.*, V, 782.

[47] Morriss, 43-4.

Without doubt the plight of the planters after 1700 was a trying one. But should their troubles be attributed to the Acts of Trade and Navigation or to economic conditions of the time? In one sense, the Navigation Acts aimed to give England a monopoly of the southern trade. The planters could not employ foreign merchants or foreign vessels, nor could they buy European goods except from England. They had to ship through England their staples bound for European ports. This rule entailed the additional expense of providing bond for import duties in England, and of unloading, weighing, trucking, warehousing, and reloading tobacco while in transit.

Two alternatives to conditions then existing suggest themselves. The planters might have supplied their own shipping and marketing facilities, thereby retaining more of the profit of their trade at home. Or England might have allowed them free trade, including the right to employ foreign merchants and foreign vessels.

For economic reasons, the first of these alternatives was impracticable. Engaged as they were in developing a new country, the planters lacked capital; and what surplus they had they chose to invest in servants, slaves, new lands, instruments of production, and amenities of living. Since the markets for their produce were in Europe, they had little choice other than to engage European services for marketing their crops.

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[48] The planters contended that the necessity of paying this high duty often forced the merchants to sell the planters' tobacco "at an under rate"—"in which case, though the merchant takes care to secure his freight and commission, the owners are often brought in debt over and above the loss of their principal venture." Spotswood to Board of Trade, June 2, 1713, C.O. 5:1317, no. 18. It was reported by the Board in 1714 that several ships had lain in the Thames for twenty months, with nearly 7,000 hogsheads on board, unable to unload the tobacco because of the high duties in force. Report to House of Lords, June 5, 1714, C.O. 5:1364, 34-42.

[49] 12 Anne, c. 8.

The English monopoly of southern trade was by no means unqualified. There were hundreds of independent English merchants competing against each other, and the planters were free to employ colonial merchants of the northern mainland towns. Considering the rivalry between London and the outports, and the equally strong competition between the English merchants and those of Boston[50] and New York, and considering also that there was not any English company with a monopoly of the tobacco trade, one cannot maintain that marketing facilities were confined to a small group of merchants to the detriment of the planters.[51]

Nor were the restrictions relating to shipping and the purchase of manufactures so oppressive as might be supposed. Undoubtedly the Navigation Acts at first raised freight rates to the injury of the planters. But by 1700 English shipbuilding had been greatly stimulated, and the same industry in the colonies was booming. The English were rapidly overtaking the Dutch as carriers.[52] Similarly, England was then a leading manufacturing state, and could, perhaps, supply the colonies with merchandise more cheaply than any competitor.[53]

All in all the primary difficulties of the planters arose from the natural order of things. At the beginnings of settlement, they had been obliged to borrow from English merchants. Thereafter the temptation to extend loans was irresistible, since capital could be put to productive uses in the opening of new lands. At the same time rising land values expanded the planters' credit. Once a planter became indebted, he was forced to consign his next crop to his merchant creditor in order to pay past obligations and to obtain new supplies. Then the merchant was in a position to exploit the planter—to charge high interest rates on existing debts and to send inferior supplies at excessive prices.[54] This factor of debt probably had more influence than the Navigation Acts in keeping the planters dependent on English merchants.[55]

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[50] When William Byrd, 1st, had trouble in 1690 in securing shipping from England, he sought vessels from New England. *Virginia Magazine*, XXVI, 133, 258.

[51] William Byrd, 2d, wrote, August 20, 1733 respecting English merchants and shipowners: "Besides you are all rivals in the trade and are as jealous of one another as you would be for a mistress. You are fearful others should be beforehand with you and so run away with the consignments. Being hurried by such fears you hasten away your ships as if they were to fetch another Golden Fleece, without regarding that thriving proverb, no more haste than good speed." *Virginia Magazine*, IX, 115.

[52] Violet Barbour, "Dutch and English Shipping in the Seventeenth Century," *The Economic History Review*, II (January, 1930), 290.

[53] Lipson, *Economic History of England*, III, 7-8.

It must be admitted that the methods of trade were not beneficial to the planters. The employment of seagoing vessels to carry European goods in small lots directly to the planter's private wharf and to collect his individual crop was certainly not an economical practice. Moreover, the planter was at a disadvantage in that he could not supervise the sale of his produce or the purchase of his supplies in England. His merchant could have at best only a vicarious interest in his welfare; the freedom of the merchant from the planter's scrutiny must have been conducive to carelessness or fraud—perhaps both.[56] But these defects were the outgrowth of conditions of the trade—distance, slow communication, and uneven distribution of capital—rather than the results of English laws.[57]

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[54] Elizabeth Donnan, "Eighteenth Century English Merchants Micajah Perry," *Journal of Economic and Business History,* IV (November, 1931), 92-3.

[55] William Byrd, 2d., referring to his debts to Micajah Perry, wrote in August, 1733: "A happy time may come when I shall be in condition to choose my merchants. . . ." *Virginia Magazine,* IX, 115. On July 2, 1736, Byrd said: "My affairs are now a little mended with [Alder] man Perry. I am selling off lands and negroes to stay the [sto]mach of that hungry magistrate. I had much rather incommode myself a little than continue in the grip of that usurer." *Ibid.,* 124.

[56] William Byrd, 1st, wrote to his merchant, Mr. North, July 19, 1690: "I am sorry we have occasion to say though you buy dear, you don't sell so. . . ." *Virginia Magazine,* XXVI, 248. Fitzhugh complained to John Taylor of London, April 27, 1697: "Last year I shipped and consigned to you thirteen hogsheads of tobacco . . . ; the ship I am sure arrived safe . . ..,but to this hour have not heard a word from you. I am yet so charitable to think, that your letters to me miscarried, but I can't imagine that a merchant of your port and dealing but would so methodize your business to give due and proper answers to all correspondents and dealers, but perhaps your own convenience this way might occasion the miscarriage." *Virginia Magazine,* VI, 60-1. Fitzhugh directed John Cooper to collect his money from Taylor. On June 30, 1698 he wrote to Cooper: "I received a letter from Mr. Taylor wherein he gives me an account of the sales of my tobacco, and tells me he has paid freight and custom for the thirteen hogsheads which he pretends to you was lost; if lost, why the freight and custom paid; if there, why not my account credit for it." *Ibid.,* 65. Nor was Fitzhugh wholly satisfied with Cooper's services. Explaining why he had not consigned any tobacco to Cooper in 1698, he said: "Neither do nor have made anything but sweet for some years, but with you it seemed inconsiderable and unvaluable; therefore have sent you none, though to whomsoever else I send it I never fall short." *Ibid.,* 66. To Cornelius Serjeant Fitzhugh wrote, July 21, 1698: ". . . I must esteem you by your letters and the sales there made to be but a very ordinary market man, for . . . [of] all the tobacco I had sold about that time which was not inconsiderable, both at Bristol, London, Plymouth, and Liverpool, ordinary tobacco yielded me as good and some a better price, my own stemmed sweet scented so far beyond, that I have hardly patience to look upon your account." *Ibid.,* 158-9.

By 1715, many planters had become weary of debts and of their dependence upon English merchants, markets, and shipping. At the same time, however, their state of economic development did not afford the capital and the aggressive support—commercial, naval, and diplomatic—then needed for engaging independently in an extended foreign trade. And the benefits which the planters received from England—solid and necessary as they were—probably outweighed the restrictive features of the Acts of Trade.

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[57] Mentioning a short tobacco crop, William Byrd, 2d, said, August 23, 1735: "Thus if the scarcity of a commodity will not raise the value of it I will depend no longer on old musty maxims and direct my judgment hereafter not to the merchandise by those that manage it." *Virginia Magazine*, IX, 118.

CHAPTER III

ENGLAND'S TRADE WITH NEW ENGLAND AND NEW YORK

> The value of our [English] exportations likewise may be much advanced when we perform it ourselves in our own ships, for then we get not only the price of our wares as they are worth here, but also the merchants' gains, the charges of insurance, and freight to carry them beyond the seas. As for example, if the Italian merchants should come hither in their own shipping to fetch our corn, our red herrings of the like, in this case the kingdom should have but ordinarily 25s. for a quarter of wheat, and 20s. for a barrel of red herrings, whereas if we carry these wares ourselves into Italy upon the said rates, it is likely that we shall obtain 50 shillings for the first and 40 shillings for the last, which is a great difference in the utterance or vent of the kingdom's stock.—Thomas Mun, *England's Treasure by Forraign Trade* (1669).

The view that the colonies were economically self-contained is somewhat misleading. Important as their household manufacturing was, their importations of European supplies were of equal significance. Nearly every household contained a large variety of articles which had been made wholly or in part abroad. Certainly at least a hundred kinds of commodities came into the colonies—many of them of three or four grades, sizes, or colors.[1] Since a large percentage of the imports consisted of capital goods—tools and implements particularly—it was not uneconomical for the colonies to buy such wares from England, even if they had to be purchased on credit. In the rural districts, such purchases undoubtedly increased the general productive power of the family.

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[1] An invoice of goods shipped from London to Boston, January 30, 1693 by John Cary lists the following: hats, hair, powder, measuring cans, mouse traps, rat traps, punch strainers, maple trenchers, milk trays, platters, porridge dishes, handle bowls, carved spoons, beer taps, buttons, bellows, "sucking bottles," ladles, steel shod shovels and spades, looking-glasses, lanterns, fish kettles and plates, sieves, pastry pans, pocket graters, pudding pans, snuffers, candlesticks, porringers, funnels, saucepans, flour-boxes, pepper-boxes, dripping pans, basting ladles, bread graters, tinder-boxes, candle-boxes, calenders, woolens, silk crepe, worsted crepe, satin striped crepe, striped druggets, woolen damask, silk damask, red flannel, thread, tape, filleting, ribbon, pins, needles, brass thimbles for women, men's steel thimbles, horn combs, ivory combs, brass curtain rings, inkhorns, lace, calico, quilted caps, silk bindings, black mourning gauze, cambric, women's silk sashes, handkerchiefs, black mohair string, fringe, laced hair dresses, child's "peake," tippets, linen cloth, camel's cloth, gingham, scotch cloth, tankards, chamber pots, salts, basins, saucers, wine measures, linsey-woolsey, kersies, cottons, Norwich stuffs, woodenware, stockings, pewterware, cordage, and many others. Massachusetts Archives, LXI, 261-2.

The most fundamental economic conditions in early America retarded the progress of manufacturing. The wide stretches of cheap land drew away the artisans of the older settlements, thereby producing a shortage of labor which in turn kept wages at levels higher than in Europe. The lack of capital persisted throughout the colonial period; later this deficiency inspired much of Hamilton's economic policy which aimed to make the United States economically independent. Another early obstacle to colonial manufacturing on an extended scale was the nature of the American market. The mainland population in 1700 was as yet small—about three hundred thousand souls—and settlements were widely dispersed. Consequently, the local demand for manufactured goods was neither sufficiently large nor sufficiently concentrated to support large-scale enterprises. Since American manufacturing had to be done on a small scale, the colonists could not profit by either an extended division of labor or the fullest utilization of machinery. England, on the other hand, manufactured for a world market that supported large-scale enterprises and made possible increasing economies of production. Moreover, English industry by 1700 was highly diversified; it could supply the colonies with nearly every sort of product they needed. These two factors—the cheapness and variety of English goods—explain why the colonists bought a large share of their manufactured supplies from the mother country.

The trade of New England and the middle colonies with England differed from that of Virginia and Maryland in many important particulars. All these colonies received the same kinds of goods, but in the upper area the imports went first to a port town—Boston, Philadelphia, New York—rather than to individual settlements along the coast. An extremely unfavorable paper balance confronted the northern towns in their trade with England. Actually, however, they enjoyed a much better commercial position than the tobacco colonies. The northern towns did not consume all the English goods they imported; their function was that of distributor to surrounding communities. Besides, the Northerners engaged in a variety of outside trades which enabled them to get remittances to England on terms highly favorable to themselves. Their vessels maintained regular contacts with Nova Scotia, Newfoundland, southern Europe, Africa, the Wine Islands, the West Indies, the Spanish colonies, and the mainland of English America. In most of these trades, the balance of commodity exchanges favored the northern towns, thereby drawing in wealth to themselves and remittances which nearly redressed the unfavorable balance of their trade with England. This desirable position of the northern towns in their external trade is explained largely by three things: shipbuilding, shipowning, and the methods of marketing goods—all intimately related.

One of New England's most thriving industries—shipbuilding—supplied the merchants of Boston at low cost with an increasing number of vessels suitable for every trade of the time. Massachusetts alone, between 1696 and 1713, produced at least 1,118 vessels of 69,468 tons.[2] Over half of the construction was done at Boston, and 59 per cent of the registered vessels built in New England, 1696-1702, were purchased by Boston investors.[3]

In 1700, about three hundred and fifty Bostonians were concerned in the ownership of vessels. There were three distinct classes of such owners: merchants, the most important group; then a large class of ordinary investors; and finally the shipmasters. The common practice was for a group of owners each to hold a share in a vessel rather than for one person to own the whole. Occasionally, however, a merchant or shipmaster was the sole owner. The most considerable merchant owners were Samuel Lillie, Andrew Belcher, Benjamin Gallop, John Foster, Samuel Phillips, and William Clarke. All told, the merchant group included a hundred and ten Bostonians, thirty-five of whom were concerned in five or more vessels.[4] The ship captains—ninety-one in all—ordinarily owned only one share—though often a half share—in a single vessel. The large number of ordinary investors indicates that shipowning was a common form of general investment. Nearly a hundred and fifty Bostonians so invested their money (1698-1702), each holding either a single share or shares in two, three, or four vessels.

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[2] Vessels registered in Massachusetts. At Boston, Charlestown, and Cambridge were built 484 vessels of 36,492 tons; at Salem, 113 vessels of 6,287 tons; at Scituate, 123 vessels of 6,037 tons; at all other Massachusetts towns, 342 vessels of 16,222 tons; at Maine, 56 vessels of 4,430 tons. This list does not include vessels built in Massachusetts but not registered in the province. Massachusetts Archives, VII, 1-5.

[3] In the Massachusetts Archives, VII, 85-524, is a registry of the shipping of the province, 1696-1714. It shows the place and date of the construction of vessels, their tonnage, and ownership at the time of registry. Between 1696 and 1702, vessels aggregating 19,625 tons were built in New England, 11,510 tons of such shipping being owned by Bostonians. Vessels built in New England totaling 3,804 tons were sold to England during this period.

Shipowning probably exerted a greater influence than any other feature of colonial commerce. It determined largely the profits of trade, and the position of a region in its outside contacts. The freighting and marketing of goods in those days were simply aspects of a single operation, and freights and profits were frequently indistinguishable. Often a merchant owner shipped his goods in his own vessel. Other traders dispatched consignments to designated ports, paying the freight to the owner. By a third method, a group of merchants chartered a vessel, in whole or in part, paying a monthly charge determined by the space hired rather than by the quantity of the goods shipped and the length of the voyage.

In all the non-English trades of the northern towns, there were two principal methods of marketing employed. Sometimes the merchant consigned his goods to a person on shipboard—the master, or a partner or agent of the merchant. The consignee then sold the cargo at its appointed destination. Otherwise, the shipper consigned the goods to a factor at the receiving port, who disposed of them to retailers or consumers of his locality. In both cases the northern merchant assumed the risks of the trade. He paid only a commission to his selling agent, and thus made the profits of both exporter and importer. If the sale were made to a wholesaler abroad, the northern merchant would receive at least a 10 per cent advance above the prime cost of the goods and subsequent shipping charges. If he sold to consumers, the advance was very much higher. In the meantime, he paid his selling agent or factor a commission not in excess of 5 per cent of the value of the goods at their destination. Whether he could sell thus directly at his own risk depended of course upon whether he could obtain shipping on the consignment basis. Hence the disposition of the merchants to own shares in the vessels that carried away their goods.

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[4] Lillie was concerned in 54 vessels, 17 of which he was sole owner; Belcher in 42, sole owner of 6; Gallop in 23, sole owner of 10; Foster in 16; Phillips in 15; Clarke in 15. Merchants owning shares in 8 to 15 vessels were: Benjamin Alford (9), John Borland (12), Louis Boucher (11), Robert Bronsdon (12), John Coleman (15), Giles Dyer (11), Andrew Faneuil (8), John Frizell (9), William Harris (8), Robert Howard (10), Daniel Oliver (10), Adam Winthrop (9). *Ibid., passim.* This compilation is for a period of five years, 1698-1702.

Many elements entered into freight charges. First came the hire of the vessel—the payment to the owner on his investment.[5] Next was the cost of victualling the ship.[6] Then arose various port charges: cartage, portage, storage, wharfage, lightage, and anchorage—expenses that might be incurred at every port visited. Bringing up the rear were the wages of the master, mates, cook, and seamen.[7] Masters and mariners received half pay while the vessel lay in harbor.[8] It is obvious that the earnings of the owner would eventually come in money or goods to his home port. The money for victualling the vessel and the various shipping charges of course went to the towns visited. The northern ports naturally earned a handsome share of such disbursements. Wages were paid customarily at the end of each lap of the voyage, and seamen were prone to get rid of them before the vessel moved on. Boston certainly received a steady income from such spendings. In 1682 the General Court had to legislate against extending credit to seamen, because the imprisonment of seafaring debtors often delayed the departure of vessels.[9]

In the external trades of the northern colonies (excepting their trade with England) formal insurance seems to have played a very small part. The shipowners protected themselves by the share method of ownership, whereby each investor had only a small stake in a vessel. Similarly, the shippers avoided excessive risk by sending small consignments to the same place in several ships. Otherwise, insurance appears to have been provided in the form of high freight rates.

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[5] In August, 1691, a vessel of 50 tons rented at the rate of £19 a month. Massachusetts Archives, LXI, 303. The official rates for vessels hired for war service in September, 1694, were: decked vessels of more than 80 tons, at 7s. a ton a month; decked vessels under 80 tons, at 6s. a ton a month; open sloops and boats at 5s. a ton a month. *Ibid.* 530. The owners of a ship which they valued in 1691 at £500 said they ought to receive £30 a month for its hire. *Ibid.*, 341-2.

[6] The cost of victualling a sloop from Boston to Barbados, December, 1693 was: 1,000 of bread, £11 10s., 5 barrels of pork, £15; 3 barrels of beef, £6; 6 bushels of peas, £1 7s.; 1 hundredweight of fish and oil, £1 10s.; 5 dozen candles £1 12s.; 10 barrels of beer, £3. Total £14 19s. *Idem*, LXI, 424.

[7] Rates of pay for seamen in government service were fixed by Massachusetts in September, 1694 as follows: pay per month—master, £4; mate £2 2s.; cook, £1 4s., ordinary seamen £1 4s., boy, 10s. *Ibid.* 529-30. Wages paid in 1716 on a private vessel were: (per month) master, £6; mate, £4 10s.; second mate £3 15s.; ordinary seamen £3 10s., and £2 15s. *Idem*, LXIII, 238.

[8] *Idem*, LXI, 214.

[9] *Ibid.*, 273.

According to English custom-house records for a period of eighteen years, 1698-1717, New England imported from England goods having an average value, each year, of £103,500. In return the New Englanders exported products valued, on a yearly average, at £37,400—leaving an adverse trade balance of £66,100 annually, or £1,189,800 for the eighteen years. The imports of New York from England during this period had an average yearly value of £34,100, and the annual returns averaged £13,815. The trade balance against the province thus stood at £20,285 on a yearly average or £363,130 for the whole period.[10]

These figures, however, do not include several important items in the trade. The value assigned to the colonial imports is that estimated by the English custom-house officials before the goods were exported to America. Consequently, the figures do not take into account the freight charges on the voyages to the colonies, or the profits earned by English exporters engaged in the trade.

During five years, 1710-14, the vessels sailing from England to New England and New York had each year, on the average, a carrying capacity of 5,534 tons.[11] It also appears that in two years the proportion of English owned shipping engaged in this trade amounted to about 60 per cent.[12] Freight charges from London to Boston were generally £3 a ton; from England to New York in 1708 the rates were: for goods stowed in the "hole" of the ship, £3 10s.; for goods stowed between decks, £4 a ton.[13] One shipment in 1693 shows that freight amounted to 3.2 per cent of the English value of the cargo.[14] Considerably more costly to the colonies than freight was insurance, which seems to have been provided by English concerns. London-to-Boston rates ranged from £8 per cent to 10 guineas per cent during the years 1690-94.[15] At the barest minimum New England and New York must have had to pay a bill of £15,000 to England for freight and insurance on the goods they imported.

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[10] C. O. 390:5.

[11] Report on vessels sailing from England to the colonies, Christmas, 1709 to Christmas, 1714, C. O. 388:18, no. 22.

[12] In ten months of the years 1686 and 1688, of 40 vessels sailing from England to Boston, 27 (1,773 tons) were English owned, and 13 (1,063 tons) were owned in Massachusetts. All the vessels (435 tons) exporting from England to Salem in 21 months of the years 1714-16 belonged to England. Massachusetts Shipping Returns, C. O. 5:848. In two years after June 24, 1715, 20 vessels (1,110 tons) sailing from New York to England were owned in the province, as against 23 vessels (1,665 tons) owned in England. New York Shipping Returns, C. O. 5:1222.

[13] Weeden, I, 369-70; Memorial of Nicholson, Perry, and Lodwick, entered June 10, 1708, C. O. 5:1121, 162.

The New England trade was extensive enough to engage some sixty London merchants and to support a New England Coffee House near Cornhill behind the Royal Exchange.[16] Apparently, the exporters to New York formed a separate group. There were at least seventeen of them in 1699.[17] In some instances London merchants acted as commission agents for colonial traders who supplied the capital and assumed the risks of shipping and of selling in the colonies. Thus, in 1703, Richard Lechmere, a London merchant, bought goods for Deliverance Parkeman of Salem, charging a commission of 2½ per cent.[18] In other cases, the English merchants shipped on their own account to the northern colonies and sold there through resident factors.[19] The major part of the New England trade was probably carried on by the independent merchants of Boston who bought in England through agents; whereas the trade of New York seems to have been chiefly in the hands of London exporters operating through factors in the colony.[20]

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[14] Massachusetts Archives, LXI, 362b.

[15] *Ibid.*; *Idem,* CXIX, 67-8, 93, 96-7.

[16] For a list of 41 merchants trading to New England in 1714, see C. O. 5:752, no. 7.

[17] For a list of merchants trading to New York see *Cal. St. Pap. A. & W. I.*, 1699, p. 59.

[18] Weeden, I, 370. Samuel Sewall's correspondents in England, 1686-1700, were John Ive and John Love. "Letter-Book of Samuel Sewall," *Collections of the Massachusetts Historical Society,* Sixth Series, (Boston, 1886, 1888) I, 32-3, 34, 44-5, 77, 89, 116, 137, 237. In 1687, Sewall, E. Hutchinson, and P. Sergeant were buying from John Richardson, a Bristol merchant, on the commission basis. *Ibid.,* I, 65. J. Higginson of Salem in 1699 purchased £100 of drapery directly from a London draper. "Higginson Letters," *Collections of the Massachusetts Historical Society,* Third Series (Boston, 1838), VII, 211. Other Boston merchants who were independent importers were Robert Bronsdon (Massachusetts Archives, CXIX, 67-8, 92-3, 96-7; *Idem,* LXI, 345-6); Wait Winthrop (*Idem,* LXII, 62); Samuel Lillie (*Idem,* LXI, 422); Andrew Faneuil (*Idem,* LXII, 323); Samuel and Epaphras Shrimpton (*Idem,* CXIX, 210); John Mico and Nathaniel Byfield (*Ibid.,* 133); John Coleman, (*Idem,* LXII, 452); Benjamin Gallop, (*Ibid.,* 521-3); John Frizell, (*Ibid.,* 95); Adam Winthrop, Jr., Winthrop Papers in Massachusetts Historical Society, Papers of Fitz-John Winthrop, VI, 14.

[19] Sewall in 1685 sold a parcel of goods in New England for William Sellen, London merchant. The Boston sale price was £48 3s., from which Sewall deducted a commission of £2 8s.—nearly 5 per cent. Sewall was evidently loath to sell on commission for English merchants. "Letter-Book," I, 30.

Reports from New England stated that the price of English goods there was between 150 and 225 per cent higher than in England;[21] while at New York it was commonly said that foreign goods at twice their English prices were considered cheap.[22] How much of the excess price went to English merchants for their services as exporters, and how much to colonial merchants as profit, can probably never be known. However, the earnings of English exporters certainly inclined the balance of trade even more heavily against New England and New York.

The native commodities of the two northern areas provided but little in the way of exports to England. Those of New England—in the order of their importance—were whale products,[23] ship timber,[24] other naval stores,[25] and furs.[26] New York's returns before 1705 consisted only of furs and whale products.[27] After 1705, naval stores deserve notice.[28] The native products of the

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[20] Petition of August 28, 1718, C. O. 5:1051, no. 83, signed by C. Lodwick, J. Paice, T. Pitt, R. Jeneway, J. Lloyd, J. Bayeux.

[21] Dudley to Board of Trade, March 1, 1709, C. O. 5:865, no. 22; G. Lee to Sir Stephen Fox, October 30, 1712, C. O. 5:751, no. 83, Banister's "Essay on the Trade of New England," 1715, C. O. 5:866, no. 67. J. Higginson wrote from New England to his brother, Nathaniel, October, 1699: "In the last war time, all East India goods were extremely dear. Muslins of the best sort, plain, striped, and flowered, were sold for £10 per piece, and some more." "Higginson Letters," 209. The shipping charges on a consignment from London to Boston in 1693 amounts to 13.5 per cent of the English value of the goods. Massachusetts Archives, LXI, 361-2. In 1695, a sale from Boston merchants to a Boston retailer shows an addition of nearly 10 per cent as the importer's profit. *Idem*, CXIX, 104. The largest advance was doubtless made by the retailer, in view of the small volume of retail trade in those days.

[22] Bellomont to Board of Trade, October 17, 1700, C. O. 5:1045, no. 1; J. du Pré to Board of Trade, October 4, 1710, C. O. 5:1050, no. 3. See also C. O. 5:1051, no. 19.

[23] In 1687, Randolph stated that whale oil shipped from Massachusetts to England amounted to 200 tons a year. In 1709 Dudley reported the quantity at 800 tons, and the imports England received in three years, 1721-23, averaged about that amount. Dudley's figures make it appear that the Boston price was £6 5s. a ton. Weeden I, 43; C. O. 5:865, no. 22; list of England's imports from New England, 1721-23, C. O. 390:5, no. 50.

[24] After 1689, there was generally in force a contract between the Royal Navy and an English merchant for a regular supply of New England masts. The contract of 1689-96, with Samuel Allen, called for one shipload yearly to the value, in England, of £2,190. Contract of August 19, 1689, C. O. 5:924, no. 1(ii). Allen sold his rights to Isaac Taylor. In 1700 Bridger made proposals to save the Navy £11,723 yearly on the contract Taylor held then. Taylor was supplying four shiploads annually. Bellomont to Board of Trade, C. O. 5:931, no. 3. A third contract, 1708-13, required three shiploads annually, the payment for one year (in England) amounting to £6,060. This contract—with Francis Collins—ran for five years. Godolphin to Bridger, May 31, 1708, C. O. 5:864, no. 230. Between Christmas, 1712 and Christmas, 1717, England imported 145 New England masts, the yearly value of which in England probably did not exceed £6,000. An account of lumber and timber exported from Europe and the colonies to England, C. O. 390:8, H. The sums paid for these masts, however, did not all go to the colonies. English merchants always held the contracts, and employed their own ships in the trade, thereby earning the freights. In 1715 it was

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estimated that timber worth 50s. in the colonies cost between £6 and £7 a ton in England, the freight charges on such a quantity amounting to £4. Sheaf to Board of Trade, May 18, 1715, C. O. 5:866, no. 36. Lumber exports from New England to England, 1712-17, averaged 171 tons a year. C. O. 390:8, H.

[25] Between 1700 and 1704 New England sent only 67 barrels of pitch and tar to England. After the bounty went into effect the figures were (in barrels):

	Tar	Pitch	Turpentine	Resin
October, 1706	6,191	647	1,145	90
March, 1708	2,190	2,275	1,924	68
March, 1709	120	1,890	1,333	124
November, 1710	1,410	2,111	1,525	338
February, 1712	712	1,194	1,631	none
January, 1713	none	none	none	none

See letters of J. Bridger, October 24, 1706, March 13, 1708, March 27, 1709, November 27, 1710, February 2, 1712, January 10, 1713, C. O. 5:864, nos. 76(ii), 224, C. O. 5:865, nos. 28, 59, C. O. 5:1091, no. 68, C. O. 5:898, no. 27.

[26] Randolph in 1687 noted the decline of the New England fur trade. Weeden, I, 437. Dudley in 1709 estimated the value of furs exported from New England at £1,000 yearly. C. O. 5:865, no. 22.

[27] Beaver exports from New York were (number):

1687		14,062
1692-3	(March to March)	6,240
1693-4		11,180
1694-5		13,360
1695-6		9,703
1696-7		10,830
1697-8		5,414
1698-9	(June to June)	14,455
1699-1700		15,352

New York custom-house report, C. O. 5:1048, no. 67(i). Bellomont stated in 1700 that the beaver trade had "sunk to little or nothing." The London price of beaver had fallen to 5s. a pound, only 3s. of which went to the New York merchant, for he had to pay on every skin a provincial export duty of 9d. and charges of 12d. in England, in addition to 3d. for freight. Bellomont to Board of Trade, November 28, 1700, C. O. 5:1045, no. 18. The New York merchants wrote in February, 1705, that the peltry trade was "so diminished as scarce worthy of regarding." Petition to Cornbury, C. O. 5:1048, no. 105(i). Captain Samuel Vetch wrote to the same effect in his "Canada Survey'd," received July 25, 1708, C. O. 323:6, no. 64. For two years, 1721 and 1722, the New York total value of beavers exported to England is given as £8,878 16s.; of all other furs and skins, as £4,717 12s., the two items representing £13,697 10s. Since the total value of the native products of New York shipped as returns during these two years was £18,656, the fur trade then accounted for 73 per cent of such returns. Account of exports and imports to and from New York, from Christmas, 1720 to Christmas, 1723, dated July 18, 1724, C. O. 390:5, no. 51. Partial statistics indicate the following exports of whale oil from New York: June 8, 1698 to December 23, 1699, 54 barrels; June 25 to September 25, 1700, 18 tons, 228 barrels; June 25, 1715 to June 25, 1716, 344 barrels. Board of Trade to House of Lords, February 5, 1702, C. O. 389:17, 327, and C. O. 5:1222. During two years, Christmas, 1720 to Christmas 1722, whale oil and fins exported from New York to England had an estimated value (at New York) of £1,232. At this time they represented only 6 per cent of the native products of New York shipped as returns to England. C. O. 390:5, no. 51.

[28] From June 8, 1698 to December 23, 1699 exports of naval stores were: turpentine, 20 barrels; from March 25 to December 23, 1699, 2 hogsheads and 164 barrels of turpentine; from June 25, 1700 to 1704, none. C. O. 389:17, 327. Pitch and tar were not exported to

two regions probably did not compose more than half of the commodity exports which figure in the English estimates of colonial returns.[29]

Other means of remittance from the northern colonies to England were drawn from their external trade. Such additional returns may be divided into two groups: foreign commodities that are included in the English estimates of commodity returns from the colonies, and invisible items like money and bills of exchange. The principal purpose of the external commerce of the northern ports was to provide them with the means of paying for European goods.

One branch of this external trade—that with Newfoundland—was practically monopolized by New England prior to 1715. The minor exports from Boston were tobacco, sugar, pitch, and tar; the major exports, provisions, lumber, and rum.[30] In 1691 it was

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England during the years 1700-04. Board of Trade to House of Lords, November 27, 1707, C. O. 389:19, 52. During the year June 24, 1715 to June 24, 1716 the exports were: pitch, 1,253 barrels; tar, 318 barrels; turpentine 1,505 barrels; tar and pitch not differentiated 1,623 barrels. C. O. 5:1222. During the five years, Christmas, 1712 to Christmas, 1717, New York's yearly average exportation of lumber and timber were: pipe and hogshead staves, 204 hundredweight; barrel staves, 55 hundredweight; heads for hogsheads, 7 hundredweight; large masts, 6½ (number); masts, middle, 11. C. O. 390:8, H. During the two years 1721 and 1722, the New York value of lumber and timber exported was only £226 3s. in total returns of native products amounting to £18,656. C. O. 390:5, no. 51.

[29] In 1709, Dudley estimated the yearly exports of Massachusetts to England as follows: tar and gums, £5,000; whale oil £5,000; furs, £1,000, total £11,000. These estimates do not include New Hampshire ship timber, which probably accounted for £5,000 more. The total returns from New England, as given by the English custom-house records, 1709, were valued at £29,559. C. O. 5:865, no. 22. In 1715, Captain Banister estimated the New England exports as follows: naval stores, £6,250; furs, £3,750; whale products £13,125—total £23,125. Apparently these figures likewise do not include New Hampshire timber. The British records evaluate the total returns of New England in 1715 at £66,555. Banister to Board of Trade, July 15, 1715, C. O. 5:866, no. 53. A complete table of New York's returns, 1721 and 1722, giving both quantity and value of products, shows that the native products of the province exported during the two years were worth £18,656, the value of all the commodity returns from the province coming to £35,248. Thus native products represented only 53 per cent of the commodities shipped directly from New York to England. C. O. 390:5, no. 51.

[30] Each year England sent a naval squadron to Newfoundland, the commanders of which reported on the state of the fishery. Their reports agree as to the products supplied by New England. The reports are as follows: 1691, Captain Hawkins, C. O. 1:68, no. 92(i); 1691, Captain Crawley, *Ibid.*, no. 94(i); 1694, Captain Hogg, *Ibid.*, no. 101(i) 1698, Captain Morris, C. O. 194:1, no. 126(i); 1699, Captain Leake, *Ibid.*, no. 150; 1700, Captain Fairborne, C. O. 195:2, 390; 1701, Commodore Graydon, C. O. 195:3, 5-7; 1702, Captain Leake, *Ibid.*, 116; 1706, Commodore Underdown, C. O. 194:3, no. 169(i); 1707, Commodore Underdown, C. O. 194:4, no. 35(i); 1708, Commodore Mitchell, *Ibid.*, no. 76(i); 1710, Captain Aldred; *Ibid.*, no. 142(i);1711, Commodore Crow, C. O. 194:5, no. 8(ii); 1712, Sir N. Trevanion, *Ibid.*, no. 16(i); 713, Captain Leake, *Ibid.*, no. 59(i); 1715, Captain Kempthorn, C. O. 194:6, no. 10(i).

estimated that the settlers of Newfoundland bought three hundred tons of provisions and other products annually from New England;[31] in 1715 twelve vessels from Boston alone had a carrying capacity of four hundred and seventy-five tons.[32] According to one English official, the New Englanders compelled the settlers to buy rum; and "unless the planters will take such a quantity of these liquors from them at their rates, they shall have no provisions, which occasions the planters and their servants to be so extravagant that it . . . keeps them in perpetual vassalage and poverty."[33]

Boston merchants owned practically all the craft engaged in their Newfoundland trade.[34] By 1715, they had established stores and were maintaining resident factors at the island. The supplies from New England arrived in the summer and were exchanged in part for the settlers' fish.[35] The remainder was left with the factors, who sold on credit to the settlers and their servants during the winter—a time of idleness and drunkenness, when the settlers ran into debt and pledged the next season's catch for payment. It was repeatedly complained that the New Englanders charged exorbitant prices—even as high as three times the first cost of the provisions and rum.[36]

During the summer months trading vessels came to Newfoundland from England, Ireland, and southern Europe, bringing wines, brandy, linen, Spanish iron, and above all coin and bills of exchange.[37] The New Englanders, having obtained the settlers' fish, sold it to the European vessels, which then set sail for Portugal and Spain. The coin and bills of exchange passed into the hands of the New England merchants who took them to Boston on the homeward voyage. It is certain that the Bostonians did not carry much of the Newfoundland fish to its final market.[38] It was said that they never loaded fish when they could get money or bills, that their vessels returned to Boston in ballast, and that on departing left not a shilling of coin behind.[39] One English official estimated that the Newfoundland trade supplied New England with returns which equaled in value the native produce of the region shipped directly to the mother country; without this trade the New Englanders would have been unable to complete their payments for English goods.[40]

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[31] Report of Captain Hawkins, 1691, C. O. 1:68, no. 92(i).

[32] C. O. 5:848. Between July 11, 1701 and June 13, 1702, nineteen vessels secured permits to leave Boston for Newfoundland. Massachusetts Archives, VII, 70-79.

[33] Report of Graydon, March 13, 1701, C. O. 195:3, 6.

[34] C. O. 5:848.

[35] George Larkin to Board of Trade, August 20, 1701, C. O. 195:2, 449-50; Captain Tavener to Board of Trade, March 19, 1714, C. O. 194:6, no. 35. On the methods used in the Newfoundland trade see Massachusetts Archives, XLI, 558, and XLII, 501.

[36] Report of Graydon, March 13, 1701, C. O. 195:3, 2-3; report of Kempthorn, October 6, 1715, C. O. 194:5, no. 10(i); Kempthorn to Burchet, 1715, C. O. 194:5, no. 99(ii).

[37] An account against the estate of Samuel Shrimpton contains an item of £1,849 in bills of exchange drawn at Newfoundland in October, 1693 on Mr. Anthony Merry, London merchant, toward payment of part of a cargo of fish shipped on board the Baron frigate to southern Europe. Massachusetts Archives, LXII, 320.

A second branch of colonial trade was also in the hands of the New Englanders—that with southern Europe in fish and timber. Prior to 1715, the fishermen of Massachusetts did not operate at Newfoundland; their fishery off the northern New England coast kept them fully occupied. They had an advantage over the Newfoundland planter in the way they managed their industry. Instead of paying fixed wages to servants (as was the Newfoundland custom) the New Englanders got the utmost from the labor of their servants by giving a sixth or a tenth of the season's catch.[41] The best, or merchantable, fish was sorted into two grades: great merchantable, which went to Bilbao, and little merchantable, for Lisbon and Oporto. At Bilbao New England cod brought about a piece of eight a quintal more than Newfoundland fish, "because 'tis taken all winter and in cold weather is better cured."[42]

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[38] Of fourteen vessels that left Massachusetts for Newfoundland in 1708, nine returned to New England, two went to Barbados, one to Bideford, one to Oporto, and one to Avero—the ship bound for Oporto being owned at that place. C. O. 194:4, no. 76(iii). Ten vessels (all New England owned) exported from New England to Newfoundland in 1698. Seven returned to New England without cargoes of fish, two carried 1,450 quintals to Jamaica and Barbados, and one carried 500 quintals to Oporto. C. O. 194:1 no. 126(i).

[39] Captain Norris to Board of Trade, Nocember 3, 1698, C. O. 194:1, no. 126(I) wrote: "Those of New England never exercise the fishing trade [at Newfoundland] but most commonly dispose their cargo for money and bills which makes 25 per cent to them at New England, but if they cannot get them, they buy refuse fish and go to the West Indies." See also report of Captain Fairborne, 1700, C. O. 195:2, 391-2, report of Graydon, C. O. 195:3, 7; report of Larkin, C. O. 195:2, 450; report of Leake, April 25, 1702, C. O. 195:3, 116; report of Trevanion, 1712, C. O. 194:5, no. 16(i).

[40] Report of James Jackson, February 2, 1706, C. O. 194:3, no. 116. Jackson said that to debar the New Englanders from their Newfoundland trade would make it impossible for them to pay debts of £100,000 which they owed to England.

[41] C. O. 194:5, no. 99(ii); report of Leake, C. O. 195:3, 120.

[42] Bellomont to Board of Trade, November 28, 1700, C. O. 5:1045, no. 18.

Much the greater part of New England's fish was carried to southern Europe in English vessels whose owners doubtless procured the fish at Boston or Salem in return for English imports or bills of exchange. Boston was the leading exporting center in 1688; by 1715 nearly all the fish was shipped from Salem.[43] In 1700 it was estimated that New England exported fifty thousand quintals, about three quarters of which went to Bilbao.[44] Boston prices at this time ranged between 12s. and 18s. a quintal for the Bilbao grades.[45] In one year after midsummer, 1714 Salem alone sent one hundred and twelve thousand quintals to southern Europe.[46]

Since part of the fish was exported in New England ships, the New Englanders earned a small share of the freights and the exporters' profits. The officials of Massachusetts always insisted that the returns for the fish marketed by the Bostonians in southern Europe took the form of pieces of eight or bills of exchange drawn on London.[47] These were then remitted to England and converted into goods for the New England trade.[48] The merchants of Boston, wrote Bellomont "reckon upon 50 per cent by the returns they make for their fish from Bilbao to Boston. And when they return their money from Bilboa to London, and there invest it in goods for Boston, they reckon upon 100 per cent profit."[49] Dudley's estimate in 1709 that the trade in fish netted Massachusetts £30,000 yearly is conservative.[50] Some of the proceeds, of course, may have come to Boston in the shape of prohibited European goods, contrary to the Act of 1663. However, during the period reviewed England always encouraged and supported the colonial trade in fish with southern Europe; this seems fairly conclusive evidence that its proceeds were returning to the colonies chiefly in the form of English goods.[51]

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[43] In 16 months between May, 1686, and September, 1688, 32 vessels sailed from Boston to southern Europe with cargoes of fish. Twelve of these belonged to New Englanders, the other 20 to English merchants. All but 4 sailed for Bilbao. C. O. 5:848.

[44] C. O. 5:1045, no. 18.

[45] *Ibid.*

[46] C. O. 5:848.

[47] Petition for reestablishment of Massachusetts mint, 1686, C. O. 1:60, no. 88(v); address of the governor, Council and Assembly of Massachusetts to the Queen, August 28, 1713, C. O. 5:751, no. 85(i); Dummer to the Queen, 1713, C. O. 5:866, no. 6(i).

[48] Sewall's transactions with southern Europe indicate that his agents there sold fish for him and remitted the proceeds, usually by bills of exchange, to his correspondent in England. See six items for the period, 1687-1700, in his "Letter-Book," I, 64-5, 66, 92-3, 122, 220, 234.

[49] C. O. 5:1045, no. 18.

[50] C. O. 5:865, no. 22.

The New England trade to southern Europe in ship timber was initiated at the close of King William's War by a group of London merchants and the leading New Hampshire trader, William Partridge. The latter claimed that for less than £300 New England money he had cleared £1,600 at Lisbon on one lot of such timber.[52] The promoters of the trade asserted that the timber was sold for silk and wine which were carried to England and exchanged for English goods for New England. One shipload had allowed Partridge and his partners to send out English manufactures worth £4,000; while two London merchants said that the new trade had enabled them to export £3,000 of English woolens to New England in 1699.[53] In order to develop a direct trade in naval stores between New England and England, Parliament placed ship timber on the enumerated article list in 1705.[54] But there is evidence that this restriction was ignored and that the trade continued as before. Dudley in 1709 estimated that lumber and timber sold in Europe netted Massachusetts £2,000 a year.[55]

By far the most important trade of the northern colonies was that with the British West Indies and with the foreign sugar colonies—Surinam, St. Thomas, Guadeloupe and Martinique. New England's leading exports were fish,[56] lumber,[57] horses,[58] and provisions;[59] those of New York wheat, bread, flour,[60] lumber,[61] and horses.[62] The major commodity returns were molasses,[63] rum,[64] and sugar;[65] of minor importance, indigo, fustic, ginger, lime juice, lignum vitae, and cotton-wool.[66] All these products except rum served as returns from the mainland to England. Molasses and rum, on the other hand, were used in the fur trade, in the Newfoundland trade, and for the northern fishery, in each case enabling the northerners to obtain additional returns to the mother country. So complex was the West Indian trade and so scattered is the evidence pertaining to it that it seems impossible to estimate the revenues which it afforded the northern colonies. Only a general description of the problem may be attempted.

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[51] A treaty between England and Spain, December 14, 1715, provided that goods imported into and exported from Spain by British subjects were not subject to higher duties than Spanish traders were obliged to pay. *British Foreign and State Papers* (London, 1841), I, 628.

[52] Bellomont to Board of Trade, June 22, 1700, C. O. 5:861, no. 45.

[53] Petition of William Crouch, Joseph Tatem, Henry Philips, and other London merchants, 1700, C. O. 5:861, no. 29(i); journal of Board of Trade, May 6, 1700, *Cal. St. Pap., A. & W. I.*, 1700, pp. 229-30; Partridge to Board of Trade, C. O. 5:862, no. 29.

[54] 3 & 4 Anne, c. 9.

[55] J. Smith to Usher, November 2, 1715, C. O. 5:866, no. 74(i); Board of Trade to Stanhope, August 3, 1715, C. O. 5:752, no. 11; C. O. 5:865, no. 22.

[56] Salem in one year, 1715-16, exported 445 hogsheads and 202 quintals of fish to the British West Indies, and 75 per cent of the vessels sailing thither from Boston in 1715 carried shipments of fish. C. O. 5:848.

[57] Most of the lumber sent to the British islands came from northern New England. The chief products were boards, staves, shingles, and hoops. Nearly all the vessels leaving Boston for the British West Indies carried lumber, i.e., 289 of 308 vessels of whose cargoes I have itemized accounts. *Ibid.*

[58] In six months of 1688, Boston sent 270 horses to the British islands. They appear in 35 per cent of the cargoes from Boston during 1715. In the year after midsummer, 1715, Salem exported 39. *Ibid.*

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[59] Wheat, flour, bread, biscuit, beef, pork, bacon, peas, oats, Indian corn, cheese. These foodstuffs made up only a small part of the cargoes from New England to the British islands, although they seem to have been more important before 1690 than afterward. In six months of 1687, provisions are listed in two thirds of the shipments from Boston to the British Indies, but by 1715 only small quantities were so exported. *Ibid.* Some notion of the relative importance of the products shipped from New England to the sugar colonies may be derived from Banister's estimates of the trade of New England in 1715. The following figures include all exports (except to the Wine Islands), not only those to the sugar colonies: provisions, £18,750; fish, £187,500; lumber, £31,250; horses £25,000; onions and fruit, £1,250; beer and cider, £4,375; soap and candles, £6,250; wine £2,500; small articles, £6,250. Banister to Board of Trade, July 15, 1715, C. O. 5:866, no. 53.

[60] During the year after June 25, 1715, New York shipped 1,911 tons of provisions to the British islands in vessels of 2,600 tons, and 450 tons of provisions to the foreign sugar colonies. C. O. 5:1222.

[61] New York in the year 1715-16, exported 193,000 feet of boards to the British islands; to the foreign sugar colonies, 84,000 feet of lumber. *Ibid.*

[62] New York's exports in the year 1715-16 were to the British islands 169 horses; to the foreign sugar colonies, 86. *Ibid.*

[64] Before 1712 the British islands exported yearly, on the average, about 325,000 gallons of molasses to all the other British colonies. Accounts of exports from the British West Indies to the colonies, C. O. 390:6, 32, 34, 35, 36, 38, 51, 53, 55, 56, 59, 60, 66, 73-4, 87, 89, 104, 117. The imports of Massachusetts of British molasses fell from 156,000 gallons in six months of 1688 to 72,000 gallons in the year 1716. C. O. 5:848, and A. Cuming to Cockburn, March 2, 1717, C. O. 5:866, no. 111. New York took 36,000 gallons of British molasses in one year, 1715-16. Boston in 1716 imported 105,000 gallons of foreign molasses; New York, 16,000 gallons. C. O. 5:1222, and C. O. 5:866, no. 111.

[64] Before 1712 the British islands exported yearly, on the average, about 325,000 gallons of rum to all the English colonies. Massachusetts in one year, 1716, took 113,000 gallons of British rum, and New York about 72,000 gallons. Imports of foreign rum into New York and Boston in 1715-16 amounted to about 3,500 gallons for each town a year. C. O. 390:6, *passim* (see note 56); C. O. 5:866, no. 111; C. O. 5:1222.

[65] The sugar exported from the British islands to the other English colonies before 1712 may have amounted to about 13,500 hundredweight yearly. C. O. 390:6, *passim*. Sugar reexports from the mainland to England, 1703-16 were: from Massachusetts, a yearly average of 5,988 hundredweight; from New York, yearly average, 1,333 hundredweight. C. O. 390:5, no 47. Boston's imports of British sugar in 1716 amounted to 792 hogsheads; of foreign sugar, to 364 hogsheads. C. O. 5:866, no. 111.

[66] Boston in 1716 imported from the British islands 502 bags of cotton-wool, 6 barrels of indigo, 19 barrels and 14 bags of cocoa; from the foreign colonies, 83 bags of cotton-wool, and 10 barrels of indigo. C. O. 5:866, no. 111. Other returns from the sugar colonies were very slight. C. O. 5:848, and C. O. 5:1222.

Undoubtedly the northern ports shipped greater quantities of goods to the sugar colonies than they received in return. During six months of 1688, Boston sent seventy vessels of 3,721 tons to the British sugar island and only fifty-nine vessels of 3,142 tons came in on return voyages.[67] In one year, 1715-16, seventy vessels of 3,102 tons cleared from New York for the British and foreign sugar colonies, and only forty-nine vessels of 2,058 tons entered return cargoes.[68] Moreover, the outgoing vessels were fully laden; those arriving were only partly laden. The fact that during these years a fairly large number of the returning vessels brought European goods from the British islands also indicates that the northerners were not able to obtain full commodity returns in West Indian produce. In addition, many of the incoming vessels imported large quantities of salt. In 1715-16, fourteen vessels of three hundred and thirty-three tons brought only salt to New York from the West Indies,[69] and sixteen vessels of seven hundred and forty-four tons imported nothing but salt to Boston in 1688.[70] Since most of such salt was taken at the salt deposits by the labor of the ship's crew, its cost to the northerners was slight; hence it represents only a small value in exchange for the exports of the northern colonies.[71]

Besides the proceeds from the sale of their produce, the northerners received payment for their services as shipbuilders, shipowners and merchants. Records of shipments from Boston and Salem to the sugar colonies for eight different periods show a total of 19,500 tons of shipping employed, of which 15,750 tons or 80 per cent was Massachusetts owned.[72] The total shipping engaged in several recorded voyages from New York to the sugar colonies during two years, 1715-17, was 3,827 tons; that owned at New York, 2,708 tons, or 70 per cent of the whole.[73] When produce was exported in shipping owned by northern merchants they earned not only the freights,[74] but also the profit of exporter and of importer, inasmuch as they employed agents who disposed of the cargoes either to the planters directly or to retailers in the islands.[75]

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[67] C. O. 5:848.

[68] C. O. 5:1222.

[69] *Ibid.*

[70] C. O. 5:848.

[71] Sewall's sailing orders to Nicholas Bowe, master of the *Endeavor*, November, 1687, read, "if you cannot near fill up the ketch [at Antigua], you may leave the freight money in the hands of Thomas Marshall, to be sent home upon some good bottom . . . , and then you may proceed for salt to [Tortuga] and there take in lading of good fair small salt free from shells and mother [sic], and bring it home with you." *Ibid.*, I, 66-7.

[72] The records in the Massachusetts Shipping Returns are as follows: Boston to the British West Indies, May 18 to September 29, 1686, March 25, to September 29, 1687, March 25, to September 29, 1688, January 1, 1715, to January 1, 1716; Boston to the foreign sugar colonies, January 1, 1715 to January 1, 1716; Salem to Surinam, June 24, 1714, to June 24, 1716. C. O. 5:848.

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[73] New York to British West Indies, June 24, 1715, to June 24, 1716; New York to the foreign sugar colonies, June 24, 1715, to June 24, 1717. C. O. 5:1222.

[74] On a voyage, Boston to Barbados, 1693, Samuel Lillie was to earn £188 freight for his vessel in addition to the freight on goods shipped by himself. Massachusetts Archives, LXI, 425. The freight on a shipment of 15 hogsheads of fish, 25 barrels of beef, 10 boxes of candles, and 1,000 hoops, Boston to Barbados, 1694, was £37 2s. 6d. *Ibid.*, 428. The freight on horses, Boston to Barbados, 1693-4, was £8 a horse. *Ibid.*, 425, 428. The insurance rate at London in April, 1704, on shipments, Boston to Barbados, was 12 guineas per cent. *Idem.*, LXII, 470-1. Shipping charges on goods sent from Boston to Barbados, 1704, amounted to 33 per cent of the prime cost of the goods. *Ibid.* The sailing orders of John Coleman, Boston merchant, for the ship *Blessing*, bound from Boston to Antigua, January 20, 1704, and carrying goods freighted by other Bostonians ordered that if the vessel were taken by the French, the shipmaster was to offer to pay a ransom of £400 to £500 to be averaged among the owners of the vessel and the freighters. "And observe to make the freighters pay your freight as well as the average." *Ibid.*, 452.

[75] In the years 1687-92, Sewall sent 5 shipments to the West Indies, ordering the ship captain to make sale. These vessels were of course New England owned. "Letter-Book," I, 4, 66, 74, 78, 114. Between 1686 and 1692 Sewall also consigned 12 shipments to his agents in the West Indies, giving instructions as to the form in which the proceeds were to be returned. *Ibid.*, I, 3, 4, 37, 46, 90, 111, 112, 115, 116, 117, 133-4. To one agent at Antigua, Nathaniel Barns, a "loving friend," Sewall in 1689 mentioned "many merchants that have made consignments to you." *Ibid.*, I, 109-10, 90. When consigning goods to Joseph Sergeant at Jamaica in 1691 Sewall admonished him: "Keep your N. E. principles." *Ibid.*, 115-16. Writing to his agent, Eliakim Mather, at Jamaica, in 1691, Sewall said: "Stay where you are, if you can enjoy God's word on the Sabbath from some good minister." *Ibid.*, I, 117. Other agents of Sewall were: at Barbados—John Pilgrim, Nathaniel Thair, Nathaniel Green, William Adams, Conrad Adams, James Taylor; at Antigua—John Keech. J. Higginson wrote at Salem, in August, 1700: "For correspondents in Barbados, I have had business with Mr. William Adams and his brother Conrad Adams. William served his time in this town with Major Browne; has now married a good fortune in Barbados, and understands business well, and is a faithful man. His brother Conrad lived some time in this town, is now at Barbados, a worthy man. . . . Here is one John Bradstreet, son of Doctor Samuel Bradstreet, about 24 years old, who served his time with Moses Byfield and Mico; who has an estate in Jamaica, and who is going to settle there, whom I would commend to you." "Higginson Letters," 219. One duty of the agent was to collect debts. Sewall on three occasions directed that this be done for him. "Letter-Book," I, 74-5, 154, 247. Other merchants who consigned goods at their risk to West Indian agents were Robert Bronsdon (1693) Francis Burroughs (1693), Penn Townsend (1699), Samuel Lillie (1699), Samuel Checkley (1699), John Ballantine (1699), John Mico (1705), and James Oliver (1714). Massachusetts Archives, LXI, 345-6, 425; *Idem*, LXII, 422, 498; *Idem*, LXIII, 237. Samuel Lillie (1693), William Payne (1694) and John Coleman (1704) sent goods to be sold by the shipmaster. *Idem*, LXI, 425, 426; *Idem*, LXII, 452. Other Boston merchants who engaged in the West Indian trade at their risk included Peter Sergeant, William Harris, Grove Hirst, Thomas Cooper, Robert Crumby, Samuel Greenwood, Benjamin Alford, David Jeffries. *Ibid.*, 404, 454.

The methods of the West Indian trade may be illustrated by a typical shipment. In 1699 Ebenezer Brenton of Bristol, Massachusetts, built a sloop, the *Society*, of forty to fifty tons. He formed a partnership with two merchants, William Fulton and John Porterfield, who together invested £290 in the cargo and vessel, the total value of the two amounting to £800. The partners loaded a cargo of provisions, and Fulton then accompanied the vessel to St. Thomas, where a sale was arranged. The owners received a small sloop in exchange for the *Society,* and the cargo was sold at 50 per cent above its prime cost in New England. This profit included apparently both the freight charges to St. Thomas and the other gains of the exporters.[76]

The northerners took part of their returns from the West Indies in money.[77] The owners of the *Society* received in payment £300 in pieces of eight valued at 5s. each.[78] As early as 1676 it was complained in Jamacia that the New Englanders were carrying away coin instead of the island's products.[79] Later, in 1702, a vessel bound from Jamaica to New York lost 10,906 pieces of eight and eighteen ounces of gold.[80] Soon afterward, in 1706, the Board of Trade denounced paper money in Barbados as a likely menace to trade with the northern colonies. Since the importers from the mainland did not always have occasion to take Barbados produce, they had been satisfied to receive money. Should bills of credit form the currency of the island they would drive specie away. The northerners would refuse such bills and, being unable to procure silver, would have to abandon the trade.[81]

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[76] Narrative of William Fulton, March 27, 1700, C. O. 5:861, no. 32(x); bill of lading and sailing orders for the *Society*, September, 1699, C. O. 5:860, no. 73(xxiii); articles of sale, October 27, 1699, C. O. 5:861, no. 32(ix).

[77] Sewall directed his selling agents in 1688 and 1691 to sell for ready money and to remit in part in specie. "Letter-Book," I, 78, 117. In April, 1687, he acknowledged receipt of 300 pieces of eight. *Ibid.*, 46-7. Higginson wrote in 1700 that pieces of eight, sugar, and logwood were the returns from Jamaica to Massachusetts. "Higginson Letters," 220.

[78] C. O. 5:860, no. 32(ix).

[79] An account of the present state of Jamaica, January 1, 1676, says: "It is the interest of this island that the trade of Ireland and other places should be encouraged, on purpose to disappoint those of New England, who never brought us any servants, or would take off any of our goods, but in exchange for their fish, peas, and pork, carried away only our plate and pieces of eight." C. O. 138:2, 94-5.

[80] Deposition of L. Heddings, 1702, C. O. 5:1048, no. 5.

[81] Board of Trade to House of Commons, November 27, 1707, C. O. 389:19, 391-2. Thomas Berry, writing at Boston, September, 1691, referred to receiving 3,000 pieces of eight for the pink *Catherine* and the freight earned in her to Jamacia. Berry had on hand a fourth of the money at Boston. Massachusetts Archives, LXI, 304.

An additional form of returns from the sugar colonies to the mainland consisted of bills of exchange. During eighteen years, 1698-1717, the British West Indies exported to England produce valued at £12,771,000, and purchased English goods worth £5,961,000, leaving a nominal balance in their favor of £6,810,000—or a yearly average of £378,000.[82] From this sum, the islands had to pay the freights on shipments from England, to provide commissions for English merchants, to purchase slaves, and to support absentee planters living in England. This fund of credit also enabled them to buy provisions from the mainland by drawing bills of exchange on their London agents. How much of this credit went to the northerners is, unfortunately, not known.[83]

It appears that there was a marked relationship between the volume of the West Indian trade of the northern colonies and the volume of their trade with the mother country. In one year New York's imports from England amounted to one third of similar imports of Massachusetts, whereas New York's exports to the sugar colonies were about 30 per cent of those from Boston and Salem. These and other facts suggest that the principal service of the northern trade with the sugar colonies was to supply the mainland with returns to England.

The nature of the West Indian trade is indicated in another way—by the fact that many of the vessels sailing from the northern ports, after delivering their cargoes to the sugar colonies, sailed to Campeche Bay, where they loaded logwood for shipment to England, either directly, or by way of Boston or New York. Boston's imports of logwood grew from 110 tons in six months of 1688 to an average of 1,540 tons a year in 1714 and 1715; New York's from about 260 tons in 1700 to 482 tons in 1716. This trade yielded a good profit, for the logwood was procured at

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[82] C. O. 390:5.

[83] Five items in Sewall's "Letter-Book," I, 74, 112, 114, 115, 133, for the period 1687-92, direct his agents in the West Indies to secure bills of exchange. Four of the orders directed that the bills be sent Edward Hull, London. Sewall wrote to Hull, October, 1692, "Mr. Wm. Adams sends me from Barbados that he has ordered you a bill of fifty pounds." *Ibid.*, 137. Sewall used these bills for purchases in London. Robert Bronsdon sent to John Hughes, London haberdasher, February 10, 1692, a bill of exchange for £25 received from a vessel bound from Boston to the West Indies. Massachusetts Archives, LXI, 345. On December 6, 1693, Samuel Lillie directed the Master of the *Prudent Hitty* to invest the freight money and proceeds of a cargo from Boston to Barbados in a bill of exchange payable to Stephen Mason, London merchant and Lillie's correspondent. *Idem*, LXI, 422.

Yucatan with northern provisions, and the vessels employed were all owned at the northern ports.[84] When a Spanish fleet captured twenty-six vessels at Campeche Bay in 1718, the loss sustained by Boston was computed as £20,000[85]

The Dutch island, Curaçao, was a considerable importer from Rhode Island, New York and Pennsylvania, commonly buying £50,000 of provisions a year.[86] New York had long been the leader in this trade: in 1698 Randolph noted that fifteen of her vessels had cleared for Curaçao alone.[87] In two years, 1715-17, the province dispatched twenty-six sloops with combined cargoes of seven hundred and forty-six tons of provisions and thirty-five hundred feet of lumber. Nearly 90 per cent of the ships were New York owned,[88] and the profits of the trade apparently went to the New Yorkers, for they acted as importers at Curaçao, maintaining factors there to sell the incoming cargoes and to collect the available returns.[89]

These consisted chiefly of heavy pieces of eight. The principal commodities exported from Curaçao were cocoanut, lime juice, and dyewoods; and these in such small amounts that the New York vessels came home only partly loaded. Moreover, 25 per cent of them did not take any products at all for the return voyage. Curaçao was a small barren place, its major interest being focused upon trade with the Spanish colonies. Along with Jamaica it served the northerners as a place of deposit for their provisions enroute to the cherished markets of Spanish America. The Spaniards often resorted to the island with money, but more commonly the Dutch supplied them with goods at their own settlements. Curaçao regularly employed about fifteen sloops in the region between Porto Bello and Cartagena, whence the Dutch had been reputed to have received five million pieces of eight in a single year. The ordinary Dutch provision vessel brought the Spaniards some sixty barrels of flour and fifty barrels of beef and pork. Likewise, from Vera Cruz and Cuba money flowed into the island in payment for foodstuffs, European goods, and slaves.[90]

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[84] C. O. 5:848; New York exports to England, June 8, 1698 to September 25, 1700, C. O. 390:17, 327; C. O. 5:1222. Boston merchants engaged in the logwood trade, 1699-1702, included Penn Townsend, Samuel Lillie, John Ballantine, Samuel Checkley, Samuel Shrimpton, and Epaphras Shrimpton. Massachusetts Archives, LXII, 322, 419. The price of logwood at Campeche Bay in April, 1699 was £7 a ton. *Idem*, LXIII, 301. The logwood was either cut by the ship's crew or purchased with the proceeds of cargoes sent from Boston. *Idem*, LXII, 322.

[85] Samuel Keeling to Messrs. Attkins, Windham, and Dodd, August 29, 1718, *Idem*, LXIII, 267.

[86] Report of Board of Trade, entered January 19, 1710, C. O. 324:9, 423, 425.

[87] Randolph to Board of Trade, August 25, 1698, C. O. 323:2, no. 129.

[88] C. O. 5:1222.

[89] Report on colonial trade with Curaçao, etc., (1707), sent to Board of Trade by Hunter, January 19, 1710, C. O. 5:1122, 153.

The balance of their trade with Curaçao favored the northern colonies to an unusual extent. The merchants of New York claimed that their principal returns consisted of heavy pieces of eight; during King William's War it was said that the province had grown rich through silver obtained from the Spaniards; in 1708 the Dutch islands were New York's principal source of coin in the West Indies.[91] Rhode Island, according to Governor Cranston, imported from Curaçao only salt, cocoa and pieces of eight, and was thus able to remit annually about £20,000 in money to Boston in payment for foreign goods purchased there.[92]

External trade was not the only source of colonial returns to England. For many years it was supplemented by piracy—an evil which yielded the mainland colonies no little quantity of gold and silver. Before 1690 the pirates operated chiefly in the Caribbean. Jamaica was the center of their activities and the treasure of the Spanish colonies their object. After 1690, the scene shifted to the Red Sea and the Indian Ocean, where the pirates fell upon ships carrying gold and silver to the Orient or returning with valuable cargoes.[93] Because the precious metals could be disposed of at any place, the pirates were especially on the lookout for treasure-bearing ships. Such outlaws frequently sought the mainland ports, where the great demand for specie made the people warmly receptive to ill-gotten wealth which was liberally spent in shops and taverns or used to refit the marauding vessels for new voyages. An abundance of evidence indicates that in Massachusetts, Rhode Island,[94] and New York the pirates were supported by influential merchants and protected by local officials. Reports generally estimated that pirate crews brought in between £50,000 and £200,000 of treasure at a time. Evidences of seizures, however, indicate more modest sums—between £1,300 and £12,000. The gold and silver taken from Captain Kidd may have been worth £5,000. In the period 1680-1700 the supply of coin in the

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[90] Report of Mr. Holt on trade of Curaçao, received December 15, 1709, C. O. 388:12, no. 63(xvi).

[91] Quary to Board of Trade, May 30, 1704, C. O. 323:5, no. 51; Cornbury to Board of Trade, July 1, 1708, C. O. 5:1049, no. 96; address to the governor, Council and Assembly of New York to the Queen, February 22, 1709, C. O. 5:1049, no. 99(i).

[92] Cranston to Board of Trade, December 5, 1708, C. O. 5:1264, no. 92(ii).

[93] It was reported that after the sack of Vera Cruz in 1683, which yielded 960,000 pieces of eight, one of the principal ringleaders headed for Boston with his share of the spoil. An observer wrote about this time of the arrival of a French privateer. "The Bostoners no sooner heard of her off the coast than they dispatched a messenger and pilot to convey her into port in defiance of the King's proclamation. The pirates are likely to leave the greatest part of their plate behind them, having bought up most of the choice goods in Boston." At Jamaica, Lynch picked up the rumor that pirates had enriched Boston to the extent of £80,000. "Most of the English plate-ships that have come into Boston during the last two years [1682-4], though they pretended to have recovered their goods from wrecks, have robbed the Spaniards of the greater part of it. . . . It is well that their government is almost at an end, or Boston would have been the receptacle for the pirates in these western parts." It was found that one of the most notorious of the pirate ships was "fitted and protected by the godly New England independents." When an

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English agent seized the ship, he encountered threats against his person and delays at law. One protector of the pirates "received clandestinely great quantities of their gold, silver, jewels, and cacao." In Randolph's judgment the operating of the Massachusetts mint and the incentive given pirates to bring their silver to Boston were simply two aspects of one iniquity. *Cal. St. Pap., A. & W. I.*, 1681-5, pp. 458, 598, 680-1, 684-5, 760; *Idem.*, 1689-92. p. 47. Massachusetts also saw much of the adventurers to the Red Sea. One of the most celebrated—Captain Tew—ended his first voyage in the province. The owners of another vessel, that of Captain Wake, lived in Boston. When the pirate Bradish was captured in that town he had £5,000 or so of money in his possession. The inventory of Kidd's effects disclosed 1,111 ounces of gold and 2,353 ounces of silver. Bellomont referred to gold and jewels taken from a fourth pirate, Gillam, whose ship had come from Madagascar, where it was reputed to have taken plunder worth £2,000,000 sterling. A party of pirates returning to Boston in 1704 brought in about £10,000, of which £4,684 in gold and silver was seized by the provincial officials. *Idem*, 1696-7, pp. 259-60; *Idem*, 1699, pp. 132-3, 191, 375, 553.

[94] Randolph wrote in 1696 that Rhode Island had "now become a free port for pirates from all places." Tew had come from the Red Sea in 1694 with £100,000 in silver and gold: his share of this booty, £12,000, had enriched the people. A bit later Randolph found conditions unchanged. Eight pirates, lately from Madagascar, had arrived with great stores of money and East India goods. At the approach of an English warship, six of them fled to Boston. Two were captured and £1,400 in silver and gold taken. Another informant wrote at the time that pirates had been on the coasts of New York and Rhode Island, bringing in £200,000 in gold and East India merchandise. Numerous reports asserted that pirate ships were readily fitted out in Rhode Island. We hear of Captain Hore taking his prizes to the colony, and of a Captain Want leaving his money there. Bellomont told of other pirates who were visiting the Rhode Islanders. The men went ashore during the day and spent their gold "very liberally." A ship, the *Adventure*, reported to have had a large sum of money, was sunk by its pirate crew, whereupon the men landed with the spoil, and dispersed along the southern New England shore. The governor of Rhode Island managed to get between £2,500 and £3,000 of this money. For a long time one of the standing complaints of English officials against Rhode Island was that the colonists, from the governors down, encouraged and protected pirates, and thereby the colony was improperly enriched. Randolph to Board of Trade, August 17, 1696, C. O. 323:2, no. 6(i); *Cal. St. Pap. A. & W. I.*, 1696-7, p. 214; *Idem*, 1697-8, pp. 256, 216; Brenton to Board of Trade, March 30, 1703, C. O. 5:863, no. 14a; *Cal. St. Pap. A. & W. I.*, 1699, pp. 256, 487, 553, 133; *Idem*, 1700, p. 17; *Idem*, 1697-8, p. 456; *Idem*, 1696-7, p. 260; *Idem*, 1697-8, p. 582; *Idem*, 1699, p. 544.

colonies was far more abundant than after 1700, when England's campaign against the evil put a temporary check on such illicit gains.[95]

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[95] For a time New York was the leading resort of pirates. Governor Fletcher openly patronized them. He issued commissions to many of the most active, and allowed them to come safely into New York with their spoil. His critics said that he received $100 a man in return for the protection and immunity granted. Two members of the Council—William Nichols and Nicholas Bayard—exposed themselves to charges of taking money for acting as intermediaries between Fletcher and the pirates. *Idem*, 1697-8, pp. 224, 467, 562, 586-7. Many were the evidences of coin brought in by the outlaws. The ill-famed Tew (so the rumor ran) visited Rhode Island and New York with £100,000. He became a favorite with Fletcher, received a commission from him, and fitted out his ship at New York for another voyage to the Red Sea. A pirate ship, the *Jacob*, with 65 men on board who had shared $1,800 each, sought Governor Fletcher's protection. The reports affirmed that Nichols received 1,000 pieces of eight for his influence with the governor, and that Fletcher got 100 pieces of eight from each pirate. After the arrival of the ship, Arabian gold pieces became "pretty common" in the province. A party of pirates from New York, after taking four ships, "returned thither to share the plunder with the governor's connivance." A correspondent from Bombay found that the outlaws "carry their unjust gains to New York, where they are permitted egress and regress without control, spending such coin there, in the usual lavish manner of such persons, as might convince the government that they came not well by it." In 1698, pirates who had been to New York were thought to have had £200,000 in gold and East India goods. At this time one of the councillors, Thomas Willett, dispatched a barrel of money and plate from New York to Long Island for safe keeping when threatened by Bellomont's searches. Next came news that a pirate ship at Cape May was being unloaded of its rich cargo of East India goods and money by sloops from New York. And soon afterward Bellomont wrote: "A great ship has been seen off this coast any time this week; 'tis supposed to be one Maise a pirate, who has brought a vast deal of wealth from the Red Sea." *Idem*, 1696-7, p. 260; *Idem*, 1697-8, pp. 326, 587, 228, 456, 480, 562, 584-5; *Idem*, 1699, p. 23; *Idem*, 1697-8, pp. 365, 114, 216, 493-4; *Idem*, 1699, pp. 266, 335. Likewise, New York's trade to Madagascar became very profitable. In 1698, when four vessels were ready to leave on the African voyage, Bellomont tried to induce the New York Council to require a bond of £2,000 for each ship as a safeguard against its trading with pirates. But the Council resolutely opposed, and the ships left without restraint. For a time the Madagascar trade engrossed the interest of many New York merchants. In 1700, three vessels were expected back, and others were fitting out for the voyage. Great estates had been made by selling wine, rum, and ammunition to the pirates; the margin of profit seemed incredible. One vessel, owned by Messrs. De Lancey and Hackshaw, returned with about 60 passengers who had paid 12,000 pieces of eight and 3,000 lion dollars for their passage. This ship also brought treasure that Bellomont believed worth £50,000. The colony was flushed with gold, and the shipowners had been able to defy the government. Three other ships were on the way: when they arrived the province would abound with ready money. *Idem*, 1697-8, pp. 282, 270, 403; *Idem*, 1700, pp. 191, 106; *Idem*, 1704-5, pp. 140-1; *Idem*, 1699, pp. 281, 335, 360-1, 402-3. Piracy reached to the very heart of local politics. The Council under Fletcher shared his attitude; when the pirate ship *Jacob* arrived, the councillors advised that the men be permitted to come ashore, since the province was "exhausted in men as well as money" and therefore "nothing could be worse than to drive these men to other parts." For his exertions against pirates Bellomont brought upon himself the charge of having kept £100,000 out of the province in less than a year. He met much opposition from his first Council, and aroused the wrath of the New York merchants. Among the councillors who profited by the contact with pirates were Bayard, Philips, Willett, DeLancey, Minvielle, Nichols, Smith, and French. The five first named were removed from office early in Bellomont's campaign against illegal trade. *Idem*, 1697-8, pp. 211, 480, 487, 512; Nottingham to Board of Trade, July 29, 1702, C. O. 5:1047, nos. 62 and 63(i-iii).

As already suggested, the commodities derived from foreign trade which were reshipped from the northern ports to England did not supply them with a large volume of returns. Of such foreign products, logwood was the most important. In 1717 the Board of Trade estimated that British imports of Campeche logwood amounted to £60,000.[96] Jamaica and New England were the principal regions concerned in the trade. Shipments from Boston to England during six months of 1688 amounted to two hundred and sixty-one tons; in 1715, to seven hundred and eighty-eight tons of logwood and six hundred and forty-four tons of dyewood not specified.[97] New York sent three hundred and ninety-six tons of logwood in nine months of 1699, and four hundred and eighty-seven tons during one year after June 24, 1715.[98] The London price in 1717 was £16 a ton, the yearly importation then amounting to some 3,741 tons. Banister estimated in 1715 that New England derived £31,250 yearly from the logwood trade—figures that doubtless include shipments direct from Campeche Bay to England as well as those going by way of Boston.[99]

Sugar ranked second among the reexports of the northern towns. During sixteen years, 1703-18, the average yearly shipments to England from New England were 5,988 hundredweight; from New York, 1,333 hundredweight.[101] New York's returns in 1721 included 905 hundredweight of brown sugar valued at £1,245—giving a New York price of £1 7s. 4d. a hundredweight.[102]

Very little tobacco was shipped from New England or New York to England. For the period 1703-18, the average yearly exports were: from New England, 29,131 pounds; from New York, 4,967 pounds.[103] Some notion of the other foreign commodity returns may be obtained from a list of New York's exports in 1721. The estimated values were: indigo, £720, rice £465, cocoanuts £422, Nicarauga wood £278, and cotton-wool £255. Even less important were fustic, ginger, pimento, lime juice and lignum vitae.[104]

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[96] Board of Trade to the King, September 25, 1717, C. O. 137:46, no. 27.

[97] C. O. 5:848.

[98] C. O. 389:17, 327; C. O. 5:1222.

[99] Banister to Board of Trade, received July 15, 1715, C. O. 5:866, no. 53.

[101] C. O. 390:5, no. 47.

[102] *Ibid.*, no. 51.

[103] *Ibid.*, no. 47.

[104] *Ibid.*, no. 51.

Among the invisible returns of the northern colonies to England were coin and bullion.[105] Banister computed that prior to 1706 New England remitted annually between £18,000 and £30,000 in Spanish money and Massachusetts coin "till all was gone." In 1715, he thought the sum had decreased to £2,500.[106] Several independent reports from New York for the period 1697-1718 asserted emphatically that gold and silver made up the principal exports of the province to England.[107]

Another invisible item in the exchanges consisted of freights earned by colonial vessels en route to England. Henry Martin noted in 1717 that such colonial shipping was a British import.[108] Fragmentary evidence indicates that the earnings of New York and Boston on shipments from those ports to England did not exceed £4,000 a year.[109] The northerners also carried West Indian produce directly from the islands to England. Thus Bellomont in 1699 reported many Boston and New York vessels idle because the failure of the year's sugar crop had deprived them of the cargoes they usually carried to England, and in 1708 Quary stated that some Massachusetts ships, disposing of their lumber at Barbados, were freighted there with produce consigned to the mother country.[110] The freights earned on such shipments obviously increased the northern purchasing power for English goods.[111]

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[105] In 1686-88, Sewall made four remittances to England, amounting in all to 1,000½ ounces of silver, Mexico, pillar, and Seville, and 7 ounces of gold dust. "Letter-Book." I, 30, 79, 85-6. 92. In October, 1693 he sent to John Mico 23 Spanish pistoles, 1 small piece of Arabian gold, 10 broad pieces of gold, and £3 in English silver crowns. *Ibid.*, I, 138. Another shipment, in June, 1700, consisted of 4 Arabian gold pieces, 1 double pistole, 2 single pistoles, 1 louis d'or, 5 guineas, and one broad piece of Charles I. *Ibid.*, I, 237.

[106] C. O. 5:866, no. 53.

[107] New York merchants to Cornbury, *ca.* February, 1705, C. O. 5:1048, no. 105(i); Nanfan to Board of Trade, June 9, 1701, C. O. 5:1045, no. 20; Quary to Board of Trade, May 30, 1704, C. O. 323:5, no. 51; address of the governor, Council and Assembly of New York to the Queen, October, 1708, C. O. 5:1049, no. 99(i); New York merchants to Board of Trade, *ca.* 1718, C. O. 1051, no. 67.

[108] Martin was Inspector-General of the Customs. See his discourse on the balance of England's trade, C. O. 390:12, 32-3.

[109] J. Higginson, writing at Salem to N. Higginson in August, 1700 said: "Here is much shipping, freight very low, and it is a query whether you had better not ship upon freight, than either hire or own vessels. The factor here may always have freight when he can provide it." "Higginson Letters," 218. In 1704, 5 Boston merchants chartered the sloop *Seaflower* for a voyage from Boston to London. The owners were two Bostonians. The accounts of the voyage give the following: prime cost of the vessel, £580; cargo and provisioning of the vessel, £410; hire of vessel, £30 per ton a month; pay of shipmaster, £8 a month. Massachusetts Archives, LXII, 482.

New England's returns included yet another invisible item in the balance of exchanges. In 1717 Martin pointed out that one "value is imported and sold to England, which is no part of the value of those public imports, and that is the very ships themselves of New England . . . after their voyages performed hither. These are some of the returns by which they are enabled to pay some part of the balance."[112] New England vessels were regularly built on order of English merchants, it being reported in 1700 that the expense of construction there was 40 per cent lower than in England.[113] One observer in 1676 estimated the number of New England ships purchased by England as thirty; another observer in 1715, put the figure between forty and fifty.[114] The average burden of forty-five such New England built vessels sold to England was 102 tons.[115] The cost of constructing the hull of a ship in Massachusetts was £4 5s. a ton in 1695 and in 1701.[116] Captain Banister computed the value of all New England vessels sold in 1715 as £93,750.[117] On the basis of this data it may not be possible to ascertain the yearly value of such vessels as returns; however, it seems clear that they netted New England more than all the other native products of the region together. Ships built in New York apparently were not sold in Britain to a considerable extent before 1717.

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[110] Bellomont to Board of Trade, October 24, 1699, C. O. 5:860, no. 73; Quary to Board of Trade, January 10, 1708, C. O. 323:6, no. 62. J. Higginson wrote in August, 1700: "Barbados, Jamaica, Virginia, and other places in the West Indies are very proper to be made use of in making returns for England, of their commodities, the more advantageous than direct from hence [Salem]. For instance, molasses has been this year at 12d. a gallon, besides the charge of cask, etc., in Barbados; and much molasses which has been shipped of hence for England, cost here 2s. a gallon, besides other charges of commission, cooperage, etc. The freight from Barbados [to England] being much the same as from hence, I judge it more advantageous to have returns of that kind from Barbados, than from New England; sugar and cotton are much the same." "Higginson Letters," 219. In 1690, Giles Fifield, employed by Wait Winthrop, made a voyage from Connecticut to Barbados in a ship of 160 tons. Thence Fifield proceeded to London, where he delivered to Stephen Mason, Winthrop's correspondent, the freight money earned on the voyage from Barbados. Massachusetts Archives, LXII, 62. A Boston vessel in 1694 imported 10 hogsheads of sugar from Barbados to London. The sale price there was £190 15s. 9d. Charges against this sum were: customs, £7 3s; minor shipping charges, £6 8d.; freight £33 17s. 2d.; commission, £14 16s. *Idem*, CXIX, 99a.

[111] Samuel Lillie, December 6, 1696, instructed one master of his sloop to sail from Boston to Barbados, and there take freight from other shippers to London. "Considering the act of the country for freight of sugar, except you can have £3 per ton for the cask besides the sugar, believe you had better take your freight for molasses if you can have £12 per ton. Take no white sugar on freight if possible. . . . Get all the ginger and cotton you can to fill up." *Idem*, LXI, 422-3. The sailing orders of John Coleman directed the shipmaster to sell a shipment of goods from Boston at Barbados; then to proceed on freight to London, where Coleman's freight money on the two voyages was to be delivered to James Lloyd, merchant. "Always observe it's our desire you get a freight for London." Dated Boston, January 20, 1704, *Idem*, LXII, 452.

[112] C. O. 390:12, 33-4.

[113] Bellomont to Board of Trade, November 28, 1700, C. O. 5:1045, no. 18.

[114] V. S. Clark, *History of Manufacturing in the United States* (Washington, 1916), I, 95; C. O. 390:12, 33-4.

[115] These figures pertain to the years 1694-1702. The total burden of these 45 vessels was 4,626 tons. Massachusetts Archives, VII, 87-135.

A fourth form of invisible returns consisted of bills of exchange drawn in the northern colonies in payment of services performed there by the Crown. Colonial merchants often supplied money or provisions to royal officials in America, receiving such bills payable by one of the departments of the British Government. The merchants then used the bills for purchases in England by endorsing them to English merchants.

Between 1692 and 1702 a sum of £36,581 was remitted by such bills for the support of English troops at New York. Other payments in the northern colonies at this time were not large—nor afterward, until 1710. Then considerable sums were remitted for provisioning warships, for equipping the expedition against Nova Scotia, for holding the garrison at Annapolis, for supporting the Palatines at New York, and for financing the campaign against Canada in 1711.

During the years 1711-13, bills of exchange amounting to at least £44,230 were drawn at New York for these various services, and to at least £57,100 at Boston. But all the bills were not honored in England. Governor Hunter at New York drew bills for £22,071 which were rejected at Whitehall—to his own private loss. Another sum of £4,596, in favor of Benjamin Edmonds, a contractor for the Navy Board, had not been paid by November, 1714. In many instances, the losers from nonpayment of such bills were English merchants who accepted them through their correspondents in the colonies. In spite of irregularities in the payment of these bills, they supplied the northern provinces with a large fund of returns during the years 1710-13.[118]

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[116] Contracts for building vessels, *Idem*, LXII, 74, 397.

[117] C. O. 5:866, no. 53. William Partridge, according to Bellomont, boasted that in the years 1697-9, he received £22,000 in England for colonial built vessels. Bellomont to Board of Trade, April 23, 1700, C. O. 5:931, no. 2. Dudley stated in 1712 that 70 Massachusetts ships were sold yearly in Great Britain and the West Indies. Dudley to Board of Trade, April 8, 1712, C. O. 5:865, no. 92.

Summarizing the remittances of New England and the middle colonies to England, we find that commodity shipments provided payment for only a small part of the exports. Such commodity returns were made up of native products of the northern region—fur, whale oil, whalebone, naval stores, and timber—plus a few southern commodities, notably logwood, along with a little sugar and tobacco. New England ships provided more purchasing power than all the other native products of the area available as returns. Coin, bills of exchange and foreign products carried directly to England were obtained by the northerners in the West Indies, Newfoundland, southern Europe, and the mainland colonies.[119] Before 1702 money had been plentiful as returns, but the decline of piracy after that date seems greatly to have diminished the supply. Meanwhile, Rhode Island and New York continued to obtain heavy pieces of eight at Curaçao. Freights and merchants' charges did not affect the balance of trade of the northern area as in the case of the southern colonies. The freights, commissions, and profits earned by English merchants importing into the colonies were balanced in part by similar earnings of northern merchants in carrying goods to England and selling them in the English market. British remittances to the colonies by bills of exchange created an important source of purchasing power, especially during the years 1710-13.[120]

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[118] See Chapter 6.

[119] J. Higginson wrote in August, 1700 of trade at Salem: "Our principal commodities are dry merchandise, cod-fish fit for the markets of Spain, Portugal, the Straits, also refuse dry fish, mackerel, lumber, horses and provisions for the West Indies; the effects whereof mostly return for England." Considering "that money is of late grown so exceeding scarce amongst us, . . . the making of returns for England by way of Barbados, Leeward Islands, Bilboa, Oporto, Cadiz, and Isle of Wight would be more easy and safe than direct from hence; and it's probable, more advantageous; because, money being so scarce, and returns direct, difficult to be got, debts must be contracted to procure money, which will be hardly got in; whereas, a man may sell more goods, and better get in his debts more speedily and certainly, for barter of goods for those markets, than direct." "Higginson Letters," 218, 220.

[120] Pennsylvania's trade resembled that of New England and New York. Quary in 1697 noted that there was a very great quantity of English goods consumed in the province. C. O. 5:1233, 32. Imports from England in eighteen years, 1698-1717, had an English value of £232,984; the returns a colonial value of £47,669, leaving an adverse paper balance of £185,315, or a yearly average of £10,258. C. O. 390:5. Woolens made up 28 per cent of the colony's imports. C. O. 390:8D. In five years, 1710-14, London sent twenty vessels of 2,505 tons to Pennsylvania; the outports, thirty vessels of 3,528 tons. C. O. 388:18, no. 22. During six years after 1698 the province became indebted to English

Before 1720 the effect of British colonial policy on the northern colonies had been highly beneficial. They had free access to all markets of the Empire—especially those of the West Indies, Newfoundland, and the other mainland colonies. New England was allowed to send fish directly to southern Europe—a privilege of the greatest value. Under the shelter of the Navigation Acts the northern merchants carried on a prosperous business as shippers, exporters, and importers throughout the Empire. They were not only permitted to construct ships, but also able to sell them in

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merchants to the amount of £34,350. W. T. Root, *The Relations of Pennsylvania with the British Government* (New York, 1912), 181. Pennsylvania relied largely on English shipping in its trade with England: in 1717, one English vessel of 120 tons arrived at London from the province, and ten English vessels of 1,050 tons left London for the colony. C. O. 390:5, no. 45. Randolph reported in 1702 that the province had placed a duty of 8d. a ton on outside vessels. Another act (1710) required a duty of 9d. a ton. The Board of Trade disapproved; the act was disallowed; the Assembly then abandoned the tax. C. O. 5:1261, no. 110; C. O. 323:7, no. 35. Pennsylvania's returns of native products were meagre. In seven years, 1698-1705, they were: 2½ tons of oil, 215 hundredweight of pipe and barrel staves, 5 hundredweight of whale fins, 79,885 skins, 1,482,488 pounds of tobacco. C. O. 5:1263, no. 145. The lack of returns was so acute that the leaders of the province sought by concerted action to increase the volume of exports, emphasizing rice, whale products, fish, tobacco, and furs. C. O. 5:1262, no. 27, and C. O. 5:1261, no. 8A. The want of returns, wrote Quary, "makes this place very miserable. I am sure there is more than six times the value of goods imported than is exported, which is the reason that the money is carried away." C. O. 383:3, no. 44A.

Piracy and external trade supplied the province with other remittances. In 1688, the governor of Barbados wrote of pirates who took £12,000 to Newcastle and landed as if they were the most honest men in the world. *Cal. St. Pap. A. & W.I.*, 1685-8, p. 602. Soon afterward followed a report of sixteen pirates arriving in Pennsylvania bringing £1,000 to a man. *Idem*, 1697-8, p. 303. In 1700, Penn referred to a parson who had criticized the dealings of the Quakers with pirates; yet this very parson at the time of his preaching had 624 pieces of pirates' gold in his possession. C. O. 5:1289, 36. A little earlier Penn had mentioned seizing 1,300 dollars from pirates. But he denied that the colony's improved state could be attributed to piracy. "For tho' some of the first might empty their pockets at our taverns . . . , their reputed treasure upon a just computation is not the thousandth part of the improvement of this province, and with money they brought in from first to last, you have it to make up the returns due to England upon trade." *Cal. St. Pap., A. & W.I.*, 1701, pp. 110-11. Lieutenant-Governor Markham was reported to have said that if people brought money to Pennsylvania, he was not obliged to ask them where they got it. *Idem*, 1696-6, pp. 613-14. He was accused of receiving presents from pirates: one crew had given him £100 for protection. "All the people see how Arabian gold works with some consciences," wrote one of the governor's foes. *Idem*, 1697-8, p. 181.

The main non-English trade of Pennsylvania was with the West Indies. Robert Quary, for instance, provisioned at Philadelphia the British West India fleet, receiving bills of exchange on the Treasury, which he collected through Micajah Perry and received payment in English goods. C. O. 5:1233, no. 44. For additional data on Pennsylvania's West India trade, see Chapter 4. Philadelphia merchants did not engage in the trades with Newfoundland and southern European, although they did participate heavily in the trade with Curaçao. Returns of foreign commodities from Pennsylvania to England, 1698-1705, included very small quantities of lignum vitae, ginger, rice, sugar, indigo, molasses, dyewoods (226 tons and 334 hundred weight), chocolate, and cocoanuts. C. O. 5:1263, no. 145.

England by virtue of the exclusion of foreign built vessels from imperial trade.

During Queen Anne's War the northerners enjoyed many other benefits. All the English colonies received the privilege of trading with the Spanish colonies, subject only to trifling restrictions. In the years 1708-11 England spent £222,000 for naval protection of the trade of New York and New England, supplying convoys without which it could not have endured.[121] The Crown also contributed other large sums toward the conquest of Nova Scotia and the expeditions against Canada—projects that aimed to protect the vital interests of New England and New York.

Then, after 1713, Britain frequently supported the New Englanders in conflicts with foreign powers. One such conflict arose with Spain in 1716 when a Spanish raid on the British logwood cutters at Yucatan threatened to ruin their industry. This provoked an official defense of Britain's position in the trade. The King's subjects had settled at Yucatan in the decade of the 1660s, and were therefore protected by subsequent treaties between England and Spain. These allowed England to hold all American territory occupied before 1667, and guaranteed to her all powers she had enjoyed there by either right or sufferance.[122]

A second conflict arose shortly after the peace of Utrecht, when the Spaniards seized several northern vessels calling for salt at the islands of Tortuda. On one voyage since the peace New England had lost more vessels than during the whole course of the war. Spain, claiming ownership of Tortuda, regarded the New Englanders as intruders. The latter asserted their right of visiting the island by virtue of the Spanish treaty of 1667, which allowed the English to frequent those places in the West Indies where the Spaniards had neither garrisons nor warehouses.[123] Salt, wrote Jeremiah Dummer, "is used partly for saving provisions, but principally for curing fish, which is . . . the principal branch of returns made from the Continent [of North America] to Great

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[121] Estimate of expense of British warships engaged in defense of the colonies. C. O. 390:5, no. 46.

[122] Banister's Essay on the Trade of New England, 1715, C. O. 5:866, no. 67; report on French and Spanish trade in North America, sent to the Board of Trade by R. Harris, December 27, 1714, C. O. 388:17, no. 86(ii); Board of Trade to the King, September 25, 1717, C. O. 137:46, no. 27.

[123] Bannister's Essay, C. O. 5:866, no. 67; address of the governor, Council, and Assembly of Massachusetts to the Queen, August 28, 1713, C. O. 5:751, no. 85(i).

Britain by way of Spain, Portugal, and the Straits, for the great quantities of woolen and indeed all kinds of manufactures, with which they supply themselves here."[124] In response to New England's appeals, the British minister at Madrid, Mr. Methuen, secured a treaty with Spain, December 14, 1715, which allowed British subjects to gather salt at the island in dispute.[125]

The logwood controversy, however, was not so easily settled, and it figured in the events leading to Britain's declaration of war against Spain, December 16, 1718.[126] The logwood and the salt trades were vital to New England; hence she profited by the alertness of British diplomacy, backed by all the defensive forces of the Empire.

After 1713 two groups within the Empire were complaining of certain practices of the northerners. The planters of the British West Indies objected to the trade of the mainland colonies with the foreign West Indies—a trade that, it seemed, was reducing the price of sugar and molasses in the British islands, and raising the price of imported provisions. The Board of Trade in 1714 went so far as to suggest a legal prohibition of this trade.[127] The other complaints came from the fishermen of western England, who insisted that New England's trade with the settlers of Newfoundland was undermining the British fishery there. The New Englanders debauched the settlers and their servants with rum; idleness and inefficiency were the result. Besides, English seamen were being enticed away from English ships at the island with offers of better wages on New England vessels. In 1718 the Board of Trade recommended that the settlers be removed from Newfoundland altogether, and that the fishery thereafter be carried on from England.[128] Had this been done, and had the foreign West Indian trade been closed to the northerners, they would have lost two of the most valuable markets for their surplus produce.

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[124] Memorial of October 13, 1713, C. O. 5:866, no. 7.

[125] Board of Trade to the Queen, January 15, 1714, C. O. 5:913, 464-7; heads of additional instructions for Mr. Methuen, proposed by Board of Trade, January 17, 1715, C. O. 389:25, 73-4; treaty of 1715, *Brit. State Papers*, I, 628.

[126] Craggs to colonial governors, December 24, 1718, C. O. 324:33, 202-4.

[127] Board of Trade to the Queen, February 9, 1714, C. O. 5:913, 469-71.

[128] Board of Trade to the King, December 19, 1718, C. O. 195:6, 416-64.

These projected attacks on the northern colonies involved serious issues, in view of Britain's policy of checking the growth of colonial manufactures that would compete with her own wares. Either the northern colonies had to have the freedom of manufacturing for themselves, or they had to have access to all available markets in which they could convert their surplus produce into some means of paying for English goods.

CHAPTER IV

THE ECONOMIC RELATIONS OF BOSTON, PHILADELPHIA, AND NEW YORK

By reason of the great number of artificers particularly in Boston, shipwrights, smiths, etc. they build many ships and other vessels, some whereof they employ in trading with all sorts of provisions and lumber to other colonies and plantations, who bring home their produce and make Boston the store of all the plantation commodities.—Sir Edmund Andros on New England trade (1690).

Besides the returns which the northern trading centers obtained from Newfoundland, southern Europe and the West Indies, they secured additional means of payment in England through their commerce with the settlements on the mainland. The three northern towns—Boston, Philadelphia, and New York—acted both as the principal receivers of foreign goods and as places of deposit for returns consigned to England. Each town supplied a definite area on the American continent with the commodities it needed, and took off the surplus products which that area produced. In the intercourse between two of these towns the one enjoying the dominant position was the one furnishing the other with transportation and foreign goods. The high cost of such goods (occasioned by freights and merchants' charges) meant that the balance of trade generally favored the distributing center rather than the country districts with which it traded. The deficit was in part made up by means of such coin as the farmers obtained, and partly by means of bills of exchange drawn on outside credits. Beyond this the deficit assumed the shape of indebtedness. Thus the city distributor combined the several rôles of merchant, carrier, banker, and creditor.

Of these four centers, Boston at the close of the seventeenth century stood head and shoulders above the others. Its commercial supremacy did not arise from manufacturing, since it possessed a widely extended commerce before it exported cloth, ironware, or other products of its own making. Nor did its leadership arise from the agricultural resources of Massachusetts. It is true that Randolph found the farmers prospering in the sale of their produce, but their profits grew out of a large local demand and an inadequate supply. Andros observed in 1690 that "the Massachusetts Colony, though considerable for number of towns and inhabitants and well situated for trade, is one of the smallest and poorest tracts of land, and produces least of any of the other colonies for exportation, no wheat having grown but blasted there for about thirty years past, nor have they of cattle or other grains beyond their own consumption." From time to time the Assembly prohibited the exportation of local products such as wool, hides, skins, grain, beef, pork, and flour, because the supply for domestic use was insufficient. When Quary was buying provisions for the British West Indian fleet, he found that grain could be procured most cheaply in New York and Pennsylvania. In 1711 the supplying of the Canada expedition disclosed a shortage of provisions in Boston, and eventually they had to be obtained at New York. The estimates of Banister in 1715 indicate the trend of Massachusetts trade. Exports of farm produce amounted to £113,000, whereas the province derived £491,000 from the sea. The limits of the land resources of Massachusetts forced the settlers to find wealth elsewhere—in the fisheries, in shipbuilding, and in the carrying trade.[1]

Geographically, Boston enjoyed the favored position for serving the colonies as the carrier of their products. It had the best approach to Newfoundland, where fish, European goods, coin, and bills of exchange were obtained. It was the logical center for supplying the needs of the fishermen who went out from Salem and Marblehead to fish in the waters off eastern New England and Nova Scotia. Likewise, it was well placed with reference to New Hampshire, and hence could market New Hampshire's lumber in the settlements to the south. From the middle colonies, the provision country, it easily secured cargoes of foodstuffs for the West Indian trade. Virginia and Maryland were not far away, and the Leeward Islands and Barbados could be reached as readily as from Philadelphia or New York. The products of these places sought European markets, either directly or indirectly. Colonial commerce was an ocean borne, outgoing commerce, rather than a continental, inland traffic. Its profits arose from the furnishing of settlements scattered along the coast, not from supplying a thickly settled interior. And as this commerce centered in England, Boston again held the advantage. Its location made it a natural stopping point for ships bound to the colonies from England or southern Europe. It became the distributing center of European goods, and the rendezvous of ships sailing under convoy from the northern colonies in time of war. The freight costs of the Atlantic voyage were so high, and the returns which the bread colonies could procure so meager that the goods had to be assembled in one place by small vessels before the larger ocean going ships took them on board. Boston was by far the best assembling point for the scattered produce which the northern and middle colonies sent to the markets of the Old World.[2]

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[1] E. Randolph, "The Present State of New England" (1676), British Museum, Additional Manuscript 28089, fols. 15-16; Sir Edmund Andros, Description of New England (1690), C. O. 5:855, no. 90; Dudley to Board of Trade, March 1, 1709, C. O. 5:865, no. 22; Weeden, I, 304-7; *Acts and Resolves of the Province of Massachusetts-Bay*, 1692-1760 (Boston, 1869), 1, 226-7, 250, 277; journal of the Massachusetts Assembly, June 2, September 21, 1696, October 3, 1697, C. O. 5:786, 43, 74, 83. The documents pertaining to the provisioning of the 1711 expedition are C. O. 5:898, nos. 10(v, x) and 11(i). Captain Banister, Essay on the Trade of New England (1715), C. O. 5:866, no. 67. Banister's estimates are given in New England money. Of economic tendencies in Rhode Island at this time, Governor Cranston wrote to the Board of Trade, December 5, 1708: "The land on said island be[ing] all taken up, and improved in small farms, so that the farmers as their [fami]lies increase are compelled to put . . . their children to trades . . . but their inclinations being mostly to navigation, the greater part betaken themselves [to that employ]ment." C. O. 5:1264, no. 92(ii).

Boston, of course, did not lack a hinterland of its own. Surveying the population of the mainland colonies in 1689, one finds two principal blocks of settlement—New England and Virginia-Maryland. Each district had about seventy-five thousand inhabitants. The combined population of the middle region—New York, New Jersey, and Pennsylvania—was forty-two thousand. The Carolinas together could not boast of more than eight thousand souls. Virginia and Maryland, of course, did not trade through a central colonial port. In the other regions, Boston served an area nearly twice as large in population as that divided between New York and Philadelphia, and more than nine times larger than that of Charleston.[3]

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[2] C. O. 5:855, no. 90. Governor Hunter wrote to the Board of Trade, October 1, 1709: "The dear freight from these parts being chiefly owing to the tedious time that ships are obliged to wait for their loading and their being obliged to touch at different places to take it on board and not seldom return with little more than half." C. O. 5:1049, no. 139. In the years between Christmas, 1716, and Christmas, 1719, the vessels sailing from London to the colonial ports were: to New England, 101; to New York, 19; to Pennsylvania, 25; to South Carolina, 26. Return voyages to London were: from New England, 123; from New York, 44; from Pennsylvania, 8; from South Carolina, 91. List of ships trading with the colonies from the port of London, C. O. 390:5, no. 45.

One great advantage over the other colonies lay in the shipping both built and owned in Massachusetts. Bellomont found in 1700 that the colony had two hundred and sixty-four vessels, one hundred and ninety-four of which belonged to Boston. He thought Boston possessed more good ships than Scotland and Ireland combined. A few years later, after six years of war, the number had fallen to two hundred, but these vessels employed a thousand seamen. Moreover, the ships owned in the colony give no index of its actual shipping interests, in view of the fact that vessels built there were commonly loaded with cargoes and sold on the maiden voyages. In two years, 1715-16, the shipbuilders of New England turned out three hundred and eight vessels, most of which came from the Bay colony.[4]

"The Bostoners," said Bellomont, "may be said to be the carriers to most of the other plantations." Rhode Island in 1688 did not own more than five small vessels, and in 1708 less than thirty, employing but a hundred and forty seamen; Connecticut in the former year possessed only nine, and in the latter not more than twenty, the number of seamen then engaged being about a hundred. With respect to the number of vessels, New York probably had not more than half as many as Massachusetts. Maryland owned but a fraction of the shipping that carried on its trade. Virginia in 1708 did not have any vessel exceeding a hundred and fifty tons, and only six ships and ten lesser craft. All these vessels and "the open shallops which carry tobacco for the ships and sometimes trade from one river to another" employed only two hundred seamen. South Carolina in 1708 reported only ten or twelve vessels and not above "twenty sea-faring men who may be accounted settlers" in the province.[5]

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[3] B. M., Add. Ms. 28089, fols. 8, 19; C. O. 5:865, no. 22; George Bancroft, *History of the United States* (Boston, 1879), II, 175.

[4] Bellomont to Board of Trade, November 28, 1700, C. O. 5:1045, no. 18; C. O. 5:865, no. 22; A. Cuming to Board of Trade, September 17, 1717, C. O. 5:866, no. 128.

[5] Cranston to Board of Trade, December 5, 1708, C. O. 5:1264, no. 92(ii); Dongan's answers, received, May 9, 1687, C. O. 1:61, no. 75; governor and Council of Connecticut to

It seems likely that Massachusetts possessed half the carrying capacity of colonial owned shipping. This condition prevailed at a time when the distribution of goods by land was far more costly than transportation by sea. What one writer says of Maryland is true generally—that the "chief means of communication between the different parts of the colony and between the colony as a whole and the outside was by water."[6]

These influences favoring Massachusetts were reenforced by other assets—principally by the fact that its merchants had been among the first to arrive on the colonial scene, and hence derived the advantages of priority in establishing their trade. Their aggressive, enterprising spirit also helped them to retain their position. "It is the great care of the merchants," wrote Randolph, "to keep their ships in constant employment, which makes them seek all ports and places to force a trade, whereby they abound with all sorts of commodities."[7]

The trade of Boston reached out first of all to the eighty odd towns that made up the Massachusetts province of the year 1700. We learn that Plymouth, when a separate colony, had but few merchants, and that it obtained its foreign goods from Boston, sending meat and whale products in return. Salem and Marblehead did not receive many commodities directly from England. Dudley estimated that the cod fishery netted £30,000 sterling a year, which came by way of Spain and England to Boston, whence remittances were made in provisions and European goods to the fishing settlements. The western towns of the province sent tar, turpentine, and grain to Boston by way of Hartford, the Connecticut river, and the sea. Whaling developed considerably at Nantucket between 1700 and 1715, and by 1720 the island was seeking a direct trade with England to avoid paying a profit to the

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Board of Trade, January 24, 1709, C. O. 1:1264, no. 88; Dudley to Board of Trade, March 1, 1709, C. O. 5:865, no. 30; Bellomont to Board of Trade, C. O. 5:1045, no. 18. In the year June 24, 1715, to June 24, 1716, 71 ships owned in New York were engaged in the trade of the colony, having a combined tonnage of 2,627 tons. New York Shipping Returns, C. O. 5:1222. See also, Governor Hart to Board of Trade, August 25, 1720, C. O. 5:717, no. 84; Morriss, 110-13; E. Jennings to Board of Trade, November 27, 1708, C. O. 5:1316, no. 16; governor and Council of South Carolina to Board of Trade, September 17, 1708, C. O. 5:1264, no. 86.

[6] Morriss, 9. Weeden, I, 260, gives data on New England freight charges. A shipment of wheat, Northampton to Boston via the Connecticut River, cost 1s. 8d. (1s. from Northampton to Windsor by land and 8d. from Windsor to Boston by water).

[7] B. M., Add. Ms. 28089, fol. 15.

Boston middle-man. Practically all the lumber that was used in Massachusetts seacoast towns was brought from New Hampshire by the Boston merchants. It is clear that the seacoast towns, apart from Boston and Salem, did not carry on much outside trade. When a search was made for pilots having knowledge of the St. Lawrence, only twelve were found, ten at Boston and two at Salem. The Assembly in 1698 passed an act establishing six ports with offices for entering and clearing ships. The custom officials in England advised "that several of the ports thereby established have not one vessel belonging to them nor have for several years past had any vessels unladen there except such as came privately and imported prohibited goods and that two or three ports are sufficient for that province." Back in 1676, Randolph had estimated that Massachusetts owned three hundred small boats of between six and ten tons that carried goods from Boston to the surrounding towns.[8]

Boston likewise engaged in a thriving trade with New Hampshire, supplying the northern settlements with provisions and European goods. A typical cargo sent out in a twenty-ton sloop consisted of corn, wool, household articles, hides, pork, flour, wheat, beef, and English goods. That New Hampshire lacked European commodities in particular is revealed by the powder act of 1693. This act required entering vessels not owned in the province to pay for each ton a duty of 18d. in money or one pound of powder. Later a modifying law required payment in powder alone. Dudley wrote that without the duty the province "would be undone for want of powder, being no ways able to supply themselves." The Boston trade with the Piscataqua is illustrated by the fishing operations of William Pepperrell. He sold fish in southern Europe, converting it into exchange on London. From England he brought a few goods home—chiefly shipbuilding materials. But for the most part he transferred his credits in London to Boston merchants in exchange for provisions and other goods needed in New Hampshire.[9]

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[8] *Ibid.*, fol. 10; Weeden, II, 244, 300, 395, 442, 439; C. O. 5:865, no. 22; Bellomont to Board of Trade, April 23, 1700, C. O. 5:931, no. 2; C. Southack to Dudley, July 2, 1711. C. O. 5:865, no. 73(ii); *Massachusetts Acts and Resolves*, I, 226; act establishing ports in Massachusetts, May, 1698, C. O. 5:770, 131-2; report of J. Hawles on port act, August 9, 1700, C. O. 5:862, no. 3; Order in Council August 22, 1700, *Ibid.*, no. 22.

[9] Weeden, I, 375. For material regarding the powder act see C. O. 5:863, nos. 116(i, xvii, xxii); also Dudley to Board of Trade, July 25, 1705, C. O. 5:863, no. 140.

The principal commodity obtained by the Boston merchants in New Hampshire was lumber. This they carried not only to the New England towns but also to New York, and vied with New Hampshire merchants in supplying southern Europe and the West Indies. Usher in 1704 thought that most of the boards exported from New Hampshire went to Boston. In four years after 1699, eight Boston owned ships left the Piscataqua bound for foreign ports.[10] The masts, yards, and plank exported from Massachusetts directly came from the northern forests. When Partridge opened the timber trade to Lisbon, certain Salem merchants immediately followed his lead, loading their vessels at the Piscataqua. So interested was Massachusetts in the New Hampshire timber trade that the Assembly drew up a strong address to the Queen urging that encouragement be given to the New England products.[11] Boston merchants were associated with the contractors who supplied the Royal Navy with American masts. The mast fleet, after taking its cargo in New Hampshire, came down to Boston before setting out for England.[12] Likewise, the naval stores enterprise at New Hampshire had its managing center in Boston. The Boston merchants either financed the making of pitch, tar, and turpentine in the northern woods, or bought the goods there, carried them down to Boston, and sent them in the mast fleet to get the bounty in England.[13]

The financial relations between Boston and New Hampshire are illustrated by the business dealings of John Bridger. In one year he drew six bills of exchange on the Board of Trade in connection with his expenses in surveying the northern woods. The bills were drawn in Boston, and delivered apparently to Andrew Faneuil, who had supplied Bridger with money there to pay the salaries of Bridger's deputies in New Hampshire. The bills were made payable to Faneuil's correspondent in England. The transaction reveals a scarcity of money in New Hampshire and the reliance of the northern province on Boston for converting English credits into money, provisions, or European goods.[14]

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[10] C. O. 5:931, no. 2; Usher to Board of Trade, February 25, 1704, C. O. 5:863, no. 82; George Vaughan, Account of New England (1708), C. O. 5:864, no. 227; account of ships paying powder duty, C. O. 5:863, no. 140(xvii).

[11] B. M., Add. Ms. 28089, fol. 15; Bellomont to Board of Trade, June 22, 1700, October 17, 1700, *Cal. St. Pap. A. & W. I.*, 1700, pp. 364, 581; Massachusetts Council and Assembly to the Queen, February 23, 1714, C. O. 5:752, no. 2.

[12] Elisha Hutchinson was associated with Samuel Allen, C. O. 5:931, no. 3(xxiii); R. Lechmere was a partner of R. Mico in executing the contract of Francis Collins. For movements of the mast fleet, see Dudley to Board of Trade, November 15, 1710, C. O. 5:865, no. 55; Secretary Addington to Popple, December 19, 1712, C. O. 5:913, 437.

[13] Bridger to Board of Trade, October 18, 24, 1706; March 13, 1708, March 27, 1709, November 27, 1710, C. O. 5:864, nos. 75, 76, 76(i), 224, and C. O. 5:865, nos. 28, 55.

New Hampshire did not lack merchants of its own. Bellomont once said that a dozen men there held the prevailing interest in the lumber and timber industry and trade. These local merchants felt no especial friendliness for their neighbors from Boston. In 1683 the governor and Council of the smaller province asserted that Massachusetts was engrossing the timber trade, "drawing all the ships to Boston, and thereby supplying all the neighboring colonies." To prevent this an order was prepared prescribing that in the future ships coming from Massachusetts were not to be admitted into New Hampshire unless licensed by the governor. Nor were such ships to export lumber or timber on pain of forfeiture. Governor Cranfield explained that he and the Council pressed the Assembly to adopt this order, "but some interested and ill tempered persons" prevented it.[15]

To the south, Rhode Island fell within the circle of Boston's commerce. It received all sorts of European goods, and sent back butter, cheese, and money. The chief trade of the Rhode Islanders, said Quary in 1708, "is to the West Indies, but more especially . . . to Curaçao and Surinam." This explains the presence of coin in Rhode Island, and accounts for Governor Cranston's report that the province sent annually £20,000 in money to Boston in payment for English goods. "This colony," he asserted, "never had any immediate or direct trade to or from England"; all such business had been carried on through Boston.[16]

Connecticut likewise sent its farm produce to Boston, together with some tar and turpentine. In the year 1708 only two vessels went directly from Connecticut to England—one laden with naval stores, the other a Boston ship whose cargo had been made up chiefly in Massachusetts. From Boston the colony received most of its manufactured goods. It had no merchants "of estates sufficient to import such stores of European goods or produce of the West Indies . . . , as might increase trade here, by inviting the inhabitants of the neighboring provinces to supply themselves from hence." By purchasing English goods at Boston, Connecticut was drained of the coin that found its way into the colony.[17]

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[14] C. O. 5:864, nos. 212-20. Copies of Bridger's bills are included.

[15] Order of governor and Council of New Hampshire, 1683, C. O. 1:53, no. 12(iii); Cranfield to L. Jenkins, October 4, 1683, *Ibid.*, no. 12.

[16] Cranston to Board of Trade, December 5, 1708, C. O. 5:1264, no. 92(ii); Quary to Board of Trade, January 10, 1708, C. O. 323:6 no. 62.

The influence of Boston throughout New England appears in the currency standards of the region. New Hampshire, Connecticut, and Rhode Island each adopted the evaluation of foreign coin that Massachusetts established. This supplied a uniform, legal measure of value that governed the transactions between Boston and the other New England towns.

To New York, Massachusetts sent West Indian products, rice, naval stores, wine, fish, woodenware, saddlery, and European goods. The people of Boston, said Cornbury in 1706, "have a much greater trade to old England than the people of New York, by reason whereof they have much greater quantities of European goods than our people have, and much more than they can consume. They send great quantities of European goods in their sloops to this place." Of nineteen vessels engaged in the trade of 1715, fourteen imported parcels of such commodities. In return New York supplied wheat and other provisions—the staple commodities of the trade—and lesser quantities of chocolate and linseed oil.

Sailing between Boston and England were so much more frequent than sailings from New York that New York carried on a great deal of its correspondence with Europe through Boston. Bills of exchange drawn in New York on England were often handled by Boston merchants. Thus the New York governors who drew on the Crown made their bills payable to New York merchants and the latter endorsed them to Bostonians, who then sent them to London for collection. By this process the New York trader settled his account with Boston merchants for European and other goods, and the latter received the means of purchasing in England.[18]

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[17] Randolph to Lords of Trade, August 17, 1696, C. O. 323:2, no. 6(i); Bellomont to Board of Trade, June 22, 1700, C. O. 5:931, no. 3; governor and Council of Connecticut to Board of Trade, January 24, 1709, C. O. 5:1264, no. 88; Curtis Nettels, "The Beginnings of Money in Connecticut," *Transactions of the Wisconsin Academy*, XXIII (January, 1928).

[18] Massachusetts Shipping Returns, C. O. 5:848; New York Shipping Returns, C. O. 5:1222; The Trade of New England as it Now Stands (1715), C. O. 5:866, no. 52; Cornbury to Board of Trade, August 10, 1706, July 1, 1708, C. O. 5:1049, nos. 18, 96; Nanfan

At times the New Yorkers were not altogether happy in their intercourse with Boston. One source of friction sprang from the whale fishery of eastern Long Island. The towns of Southold, Southampton, and Easthampton, which carried on this fishery, had been settled by New Englanders. They showed a decided preference for Boston merchants when it came to selling their whale products and buying manufactured goods. This irked the New York merchants not a little, because they lost a very valuable means of making payment for English goods, as well as a market for the wares they had for sale at New York.

A second cause of trouble grew out of the provision trade. The spokesmen of the New York merchants complained that Boston merchants carried away from New York in payment for European goods all the heavy pieces of eight and other coin they could lay their hands on. They took this money to Boston where they cut a third of the silver from the coin, and then sent back the clipped pieces to buy grain at New York. The Bostonians refused to buy flour but insisted on exporting grain to Boston and there manufacturing their own flour. By this process, Boston was underselling New York flour in the British West Indies, and New York had found its source of coin was drying up. Were it not for the trade with Surinam and Curaçao, New York would not be able to obtain any heavy coin at all.[19]

These two factors led to an attack in New York on the Boston trade. The Assembly first levied a duty of 10 per cent on European goods imported into New York from another colony. Governor Dongan explained that this act aimed to prevent the Long Islanders from buying and selling at Boston. When he found that they ignored the act, he ordered that every ship trading to or from the various parts of the province should first enter or clear at the port of New York. The 10 per cent duty continued in force until early in the term of Lord Cornbury. This unworthy governor allied himself for a time with the merchants, and labored with the Assembly to secure laws directed against the Boston trade.

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to Board of Trade, 1701, October 5, 1702, C. O. 5:1047, no. 1, and C. O. 5:1119, 250. The following advertisement appeared in the *Boston News Letter*, April 26, 1708: "Any merchant or others that have any money at New York, and want to remit the same by bills of exchange to Boston, let them apply themselves to Benjamin Faneuil at New York, where they may be supplied."

[19] C. O. 5:1049, nos. 18, 96.

His program called for the reestablishment of the 10 per cent duty; moreover, he wanted to pass an act to discourage the exporting of grain and to encourage the exporting of flour. He would place a special tax on rum and spirits imported indirectly from the West Indies, and furthermore would set up legal devices to prevent the clipping of New York's coin. All these proposals rested on his view that the practices of the Boston merchants were undermining the prosperity of New York.[20]

Cornbury, however, could not get these measures enacted. But his policy was pursued by his successor, Governor Hunter. The duties on imports became involved in the larger controversy in the province over the revenue. Finally, in 1713, Hunter secured duties on European goods, rum, and wine when imported from another colony. Later acts in May, 1715, provided for a duty of 5 per cent on all English goods imported by way of Boston. Wine, distilled liquor, and cocoa were to pay twice as much when coming from Boston as when shipped directly from the place of their production. And all Boston ships importing directly from the West Indies were required to pay a duty of 3s. a ton. Thus the Boston trade was taxed either way—whether the goods came straight from the West Indies or indirectly by way of Boston.[21]

The representatives of Long Island in the Assembly fought stubbornly against these measures. Their leader, Samuel Mulford, was himself engaged in the whale fishery and the Boston trade. He opposed in particular the 10 per cent tax on European goods, and the requirement that Long Island should trade with Boston through the port of New York. In one speech he referred to seizures of twelve vessels trading directly between Long Island and New England, many of which had been forced to pay fines. As Mulford saw it, the New York merchants were seeking to monopolize the shipping of Long Island in order to dictate prices to the people there. When vessels owned at Long Island were seized by the New Yorkers, the Long Islanders had to depend upon New York vessels; this enabled the New York merchants to set prices on the wares they sold and on the products of Long Island. When wheat was selling at 5s. 6d. a bushel at Boston and at only 3s. 4d. a bushel at New York, the people of Southold were not free to send it to Boston or to employ Boston shipping. Moreover, New York did not provide enough vessels for the Long Islanders, so that their "wheat and grain lay by them, until the vermin ate and spoiled it, and they were much impoverished thereby." Mulford was so influential in the New York Assembly that he had to be expelled before the revenue acts of 1715 could be passed.[22]

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[20] *Ibid.*, also Cornbury to Board of Trade, June 30, 1703, C. O. 5:1048, no. 59; Cornbury's speech to Assembly, June 11, 1704, C. O. 5:1048, no. 121(i); Mulford to the Queen, 1715, C. O. 5:1051, no. 26(i); C. O. 1:61, no. 74

[21] Hunter to Board of Trade, August 27, 1714, July 25, 1715, C. O. 5:1050, no. 82, and C. O. 5:1051, no. 3; revenue acts, May, 1715, C. O. 5:1144, 204-5.

Boston's trade with Pennsylvania and New Jersey resembled that with New York. The cargoes sent to those middle provinces consisted of lumber, West Indian products, wine, fish, iron and European goods. On the return voyage the vessels brought grain, flour, deerskins, tobacco, whalebone, and pork. Five of six vessels leaving Boston had European goods on board, which seem to have been the principal commodities sold by the Boston merchants. No changes had occurred between 1687 and 1715 with respect to the goods handled in this trade. In six months of the year 1687 Boston sent out seven vessels to Pennsylvania, as against thirteen in the whole year 1715. Of the thirteen, ten were owned at Boston. In 1685, East New Jersey complained that its coin was being drawn away by outside traders who took it in preference to the produce of the country. The Boston merchants were doubtless among the offenders. Thus an agent of two Boston merchants entered Philadelphia in 1699 with £300 in coin that he had collected in New Jersey in payment of debts due to his employers.[23]

The exports from Boston to Virginia and Maryland increased materially after 1690. In six months of the year 1688, ten vessels sailed from Boston as against fifty during the year 1715. The tobacco colonies in the early days bought provisions from Boston, but about 1690 they were supplying their own needs. Several commodities foreign to New England were carried regularly from Boston—salt, sugar, rum, and molasses. In addition, the sale of lumber, fish, and earthenware to the southern planters continued steadily. Woodenware of New England manufacture became more and more important in the list of Boston exports. The same thing holds true for English goods. The accounts of William Byrd, for instance, show that he bought many of his European supplies from Boston. Seventy per cent of the vessels sailing from Boston brought merchandise of this kind.[24]

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[22] Mulford to Assembly, April 2, 1714, C. O. 5:1051, no. 34(i); inhabitants of New York (principally on Nassau Islands) to the King, *Ibid.*, no. 76(ii).

[23] C. O. 5:848; coin act of New Jersey, April, 1685, in A. Leaming and J. Spicer, *The Grants, Concessions and Original Constitutions of . . . New Jersey* (Philadelphia, 1757), 285-6; petition of James Meinzies to Council of Pennsylvania, July 30, 1699, *Pennsylvania Colonial Records*, I, 560.

The credits of the Bostonians led them to maintain correspondents in Virginia on whom they conferred the power of attorney for securing debts owed by the planters. Such agents also collected the produce of the colony for exportation in Boston ships. Naturally, tobacco figured conspicuously in the trade, although the New Englanders did not market much of it in the other colonies. Thus Maryland sent only about 1 per cent of its total crop to the other plantations. But the Boston merchants exported tobacco directly to England. Bellomont noted in 1699 that there were seventy sail of ships idle at Boston, which he attributed in part to the failure of the year's tobacco crop.[25]

As early as 1688 Boston was securing provisions from the tobacco area, in addition to hides and deerskins. Most of the provisions were carried back to New England, and the remainder directly to the West Indies. During the second war the Boston traders likewise bought European goods in the southern colonies. In 1706 Maryland passed an act prohibiting the exportation of such goods. It had been found that New England merchants were exchanging their rum, fish, and woodenware for tobacco. This they collected on the coast, awaiting the ships from the English outports. To these ships they sold the tobacco for European goods, which they then sent away from Maryland. The English merchants preferred to deal with the Boston merchants, because by so doing they could secure full cargoes of tobacco at once. This happened at a time when the ships from London were arriving empty, and hence Maryland ran short of its needed quantities of English goods.[26]

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[24] C. O. 5:848; Andros to Board of Trade, April 22, 1697, C. O. 5:1309, nos. 16(i), 24; P. A. Bruce, *The Economic History of Virginia* (New York, 1896), II, 322.

[25] *Ibid.*, II, 320; Morriss, 36; Bellomont to Board of Trade, October 24, 1699, C. O. 5:860, no. 73.

[26] Morriss, 16, 17; Maryland House of Delegates to Board of Trade, June 9, 1697, C. O. 5:743; 175, 178; Bruce, II, 320; Council of Virginia to Board of Trade, October 19, 1708, C. O. 5:1316, no. 16(i); report of Hartwell, Chilton, and Blair, 1697, C. O. 5:1309, no. 30; Seymour to Board of Trade, August 21, 1706, C. O. 5:716, no. 20; recommendation of governor and Council of Maryland, April 8, 1717, *Maryland Archives*, XXVII, 39, 156.

The situation which produced the act of 1706 illustrates admirably the nature of New England's commerce. It was not primarily a trade whereby Massachusetts found an outlet for its produce or secured goods for its own use. The Boston merchants acted as middlemen, bringing to the planters certain products they needed and taking away their surplus tobacco and provisions for other markets.

The trade of Boston with Virginia and Maryland resembled in miniature their commerce with England. The Bostonians sold a variety of foreign goods, and provided the services of carrier, merchant, and lender. Inasmuch as they maintained factors in the tobacco colonies, they were able to earn the profits of exporter from Boston and of importer into the south. Similarly, they earned the freight charges on the goods they supplied. Of the shipping engaged in the trade, a very large proportion was owned by the Bostonians. Records of 238 such trading voyages show that one hundred and ninety-seven of them were made in New England owned (almost exclusively Bostonian) vessels. The planters not only exported money to Boston; they also sent thither bills of exchange drawn on their London merchants. Such bills, of course, were used in England to buy English goods for Boston's North American trade.[27]

In 1685 North Carolina was but sparsely populated and economically undeveloped. The settlements lacked good harbors, so that small vessels had to be used in seeking surplus provisions and tobacco along the coast. Prior to 1700, these products were marketed through New England and Virginia. But in 1702, Virginia forbade by law the importing into its territory of North Carolina tobacco, and also prohibited ships riding in Virginia from taking it on board. This act seems to have thrown the tobacco trade of North Carolina into the hands of the Boston merchants. In return for provisions and tobacco, they supplied the colony with sugar in small amounts, rum, salt, wine, lumber, molasses, saddles, and European goods. The Boston trade grew very rapidly. In six months of the year 1688 only one vessel left Boston for North Carolina, and in six months of the year previous only three vessels set out for Carolina as a whole. But during the year 1715, Boston sent twenty-nine vessels to the northern province alone. The cargoes consisted principally of European goods: twenty-three of these twenty-nine vessels had consignments of such commodities on board. The trade centered almost wholly in Boston: in the year 1717 only three vessels exported goods from South Carolina to its northern neighbor. The shipping belonged for the most part to the Bostonians; thus in 1715, twenty-two of the twenty-nine vessels leaving Boston were owned in that place.[28]

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[27] For statistics of the trade of the tobacco area with England, see report on British trade with the colonies, 1698-1717, C. O. 390:5. At this time Boston merchants were not supplying the tobacco colonies with many slaves. Reports of negroes imported in Maryland, 1698-1708, show that practically all of them came in London ships. The total for these years was 2,938. C. O. 5:716, no. 66(i). In the years 1699-1708, 36 vessels brought slaves to Virginia directly from Africa—a total of 6,371. All these vessels were owned in London and Bristol. C. O. 5:1316, no. 15(ii). For material on vessels engaged in the Boston area of the tobacco trade, see C. O. 5:848, and Morriss, 16-17.

North Carolina did not trade directly with England; nor at this time was its local business carried on by means of a money economy. The revenues of the proprietors, when collected in colony products, had to be converted into some other form in order to be transferred to England. The proprietors outlined the method of doing this. The colonial produce should be shipped to New England and there converted into "pieces of eight or Christian or Arabian gold." It also might be sent to Virginia and transformed into bills of exchange, or to Jamacia and sold for pieces of eight, or to South Carolina and exchanged for rice, or to Barbados or the Leeward Islands and converted into sugar. This arrangement discloses the fact that Boston and Jamaica were the two centers of coin among the British possessions in America.[29]

Somewhat different conditions governed the intercourse between Boston and South Carolina. In 1688 the Boston exports consisted of rum, molasses, provisions, lumber, and tar. The list had lengthened by 1715 so as to include sugar, wine, earthenware, saddlery, fish, whale oil, salt, and English goods. The returns were likewise varied. Randolph maintained that Boston imported from Charleston certain European goods that came from Curaçao.

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[28] Craven to Lords of Trade, August, 1687, C. O. 1:63, no. 23; Randolph to Lords of Trade, August 17, 1696, C. O. 323:2, no. 6(i); Virginia act regarding North Carolina tobacco, C. O. 5:1312, no. 31; Quary to Board of Trade, March 26, 1702, January 27, 1703, C. O. 323:3, no. 120 and C. O. 324:8, 197; C. O. 5:848; South Carolina Shipping Returns, C. O. 5:508.

[29] Carolina proprietors to receiver-general of North Carolina, March 19, 1709, C. O. 5:289, 215-6.

Rice also found an outlet through New England. Pitch and tar had become exports in 1700, and later, under the stimulus of the bounty, Bostonians sent Carolina tar to England in preference to making it in New England. The other returns to Boston were deerskins, tanned leather, and Indian slaves.[30]

In Bellomont's time, Boston had twenty merchants concerned in the trade with South Carolina. Only two vessels sailed from Boston during six months of 1688, but the figure had risen to twelve in 1715 and to fifteen in 1717. Of the twelve in 1715, eight were Boston owned. European goods did not figure prominently in this branch of New England's export trade. However, in its dealings with Charleston, Boston was the seller rather than the purchaser of English merchandise. When South Carolina needed arms and ammunition for frontier defense, it sent effects worth £2,500 to purchase them in New York and Boston.[31]

The province of New York divided its interest among three major pursuits: the raising of grain, the traffic in furs, and the driving of a sea-going commerce throughout the colonial trading area. The distribution of these activities was described in 1684 by the New York town officials: "the manufacture of flour and bread . . . hath been and is the chief support of the trade and traffic to and from this city and maintenance of its inhabitants in all degrees. . . . All other parts of this province have some particular advantage and way of living as Long Island by husbandry and whaling; Esopus being the fat of the land by tillage; Albany by Indian trade and husbandry; this city no other advantage or way of living but by traffic and dependence one on another chiefly upheld by the manufacture of flour and bread."[32] Bellomont found New York to be "the growingest town in America." It maintained a regular trade with Albany: in 1687 there were six or seven vessels employed in this river traffic. Naturally, the town was the metropolis of the province for distributing English goods and other imports, and for assembling grain and furs for outgoing ships.

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[30] Randolph to Lords of Trade, C. O. 323:2, no. 6(i); Board of Trade to Sunderland, 1708, C. O. 5:129, 73; Bellomont to Board of Trade, June 22, 1700, C. O. 5:931, no. 3; Bridger to Board of Trade, February 14, 1717, C. O. 5:866, no. 105.

[31] C. O. 5:848; Board of Trade to Stanhope, July 19, 1715, C. O. 5:1292, 458.

[32] Petition of mayor, aldermen, and Council of New York, April 6, 1684, C. O. 5:1041, no. 4(xv).

Most of the townspeople were either merchants, millers, bakers, coopers, or seamen.[33]

"The trade of this province," wrote Lord Cornbury, "consists chiefly of flour, and biscuit, which is sent to the islands." By an early executive order, the making and packing of flour and bread had been confined to the port city. But about 1680, several flour mills had sprung up in the various parts of the province, thus threatening the monopoly of the city merchants, who thereupon secured a reissue of the order prohibiting the operating of bolting mills or the packing of flour outside the city limits. The country flour makers did not abide by this order, and in 1683 Governor Dongan had to instruct the sheriffs to seize all flour bolted and packed in the country districts. However, when the province secured its Assembly, that body, representing mainly the farming communities, authorized that any person might engage in bolting, baking, and packing. At this time the Assembly refused to pass any other measures until this free flour act was accepted. It was charged that Governor Fletcher took £400 for his assent to the law.[34]

From this time (1695) the town officials made repeated efforts to recover the monopoly. The equally spirited opposition of the farmers suggests that they had not been at all satisfied with the scheme of selling their grain through the merchants of New York alone. In 1700, the city officials adopted an ordinance placing heavy duties on flour and biscuit imported into the city from the outlying settlements. The Assembly then refused to pass any money bill until the obnoxious order was repealed. Bellomont wrote that the "city members were as obstinate for maintaining their ordinance, so that the money bill was very near miscarrying." Finally, however, he persuaded them to revoke the offending order. Cornbury, on the other hand, took the side of the merchants. He suggested that the city be given as many representatives in the

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[33] Bellomont to Board of Trade, January 2, 1701, C. O. 5:1046, no. 2; Dongan's answers, C. O. 1:61, no. 75; petition of New York merchants, *ca.* February, 1708, C. O. 5:1048, no. 105(i); ships entered at New York custom-house, 1695-8, C. O. 5:1041, no. 20(iv).

[34] Petition of the mayor and aldermen of New York, March 17, 1684, C. O. 5:1041, no. 4(xiv); orders of New York governor in Council, January 17, 20, 1680, *Ibid.*, no. 4(ix); order of Governor Dongan in Council, May 22, 1684, *Ibid.*, no. 4 (xv); reply to Mr. Weaver, C. O. 5:1042, no. 4.

Assembly as all the other parts of the province combined. Then the free bolting act might be repealed. But this was not done, and the city did not recover its monopoly rights.[35]

The city spokesmen presented their case in vigorous terms. They attributed the growth of the port to its early privileges. Two thirds of the townspeople, they said, depended for their livelihood on the flour and bread trade. Formerly New York was the granary of America, having forty thousand bushels of wheat on hand. But after the free bolting act, the city often could not get enough grain for the needs of its own inhabitants. The city stood on the verge of a decline: bolters and coopers were leaving; and the province was in danger of losing its trading center. Moreover, the quality of New York flour had been maintained under the city monopoly through a scheme of inspection easily enforced by the town officials. When bolting became general, regulations and inspections were impossible. The country bolters mixed Indian corn with their wheat, and the city merchants had to do likewise in order to compete with their rivals. New York flour got a bad name in the West Indies; it was said that its sale price there, which had formerly been higher than that of Pennsylvania flour, fell to 5s. in the hundred below the Pennsylvania product after the passing of the free bolting act. In the old days New York had received only heavy pieces of eight from the West Indies; now the decline of the flour trade had greatly diminished the supply of that valued commodity.[36]

The views of the city leaders are of more than passing interest. They emphasized the value to the province of a trading and manufacturing center that would simplify the collecting of the revenue and lessen the task of inspecting the colony's export products. The centering of those products in one place enhanced their value in foreign markets, and the metropolis made possible a locally owned shipping that freed the province from outside dictation of the prices of goods it bought and sold.[37]

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[35] The case of New York, 1698, C. O. 5:1041, no. 4(xxii); petition of mayor, aldermen, recorder, and assistants of New York, July 1, 1698, *Ibid.*, no. 4(v); Bellomont to Popple, September 24, 1700, C. O. 5:1045, no. 18 (xxxv); New York city ordinance, September 24, 1700, *Ibid.*, no. 18(xxxvii); Cornbury to Board of Trade, July 1, 1708, C. O. 5:1049, no. 96.

[36] C. O. 5:1041, no. 4(xxii); *Ibid.*, no. 4(v); petition of mayor, aldermen, and commonalty of New York, November 9, 1683; *Ibid.*, no. 4(xi); *Ibid.*, no. 4(xv); C. O. 5:1049, no. 96.

The merchants of New York naturally regarded East New Jersey as a part of their trading area.[38] They fought with resolution for the control of this region. In the early days New York had been the metropolis for the Jerseys, but in 1685 the officials of the city were complaining that its trade had fallen off one third as the result of the separation of those territories from New York. The trouble with East New Jersey grew out of heavy permanent duties that had been levied on New York's import and export trade. The proprietors of East New Jersey desired to establish a town of their own through which the trade of their province would be carried on. Accordingly, they declared Perth Amboy a free port and allowed vessels to bring in goods and to export the country's produce without paying any duties whatsoever. New York refused to accept these measures, and established an official at Perth Amboy to collect the same duties that were payable at New York. Later, all vessels trading to New Jersey were forced to come into New York in order to make the payments there. New York justified itself on two grounds. Inasmuch as goods imported into Perth Amboy did not pay duty, they could be carried across into New York, there to undersell the wares imported by New York merchants. Likewise, commodities for the fur trade could be sent to the Indians more cheaply via New Jersey, and the furs returned to Perth Amboy where they did not pay such export duties as were in force at New York. In spite of these arguments, the proprietors of East New Jersey resented strongly any interference with their trade. They asserted that an independent commerce was essential to the development of their colony, and that the prospect of a free port had been the major inducement leading them to invest their money. New York could not rightfully impose duties on the trade of the people of East New Jersey because they had never given their consent to the offensive measures.[39]

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[37] Reasons in defense of privileges of New York, 1698, C. O. 5:1041, no. 4(xxi).

[38] New York did not participate in the New Hampshire lumber trade but it did share with Boston the trade of western Connecticut, dealing in the same products and keeping the balance in its favor. It served the Connecticut towns through small vessels trading to Rhode Island. In two years (1715-17), there were 36 vessels that exported goods from New York to Rhode Island, and 46 that made the return voyage. New York furnished the smaller colony with bread, flour, beer, chocolate, and European goods. Rhode Island sent butter, cheese, and fish. The balance of trade stood against the Rhode Islanders, so they were obliged to send money to complete their returns. C. O. 5:1222; C. O. 5:1264, no. 88; C. O. 5:1042, no. 8; C. O. 1:61, no. 75; C. O. 5:1264, no. 92(ii).

This conflict became one of the main factors leading to the reuniting of New Jersey and New York. When the proprietors of East New Jersey offered to surrender their claims to the government of their province, they demanded emphatically that it should be allowed a free port and the right to import and export without touching at any other place. On this basis, they yielded their claims in April, 1702. The policy pursued by England thereafter was that of allowing a free trade to Perth Amboy but also of insisting that the same duties be paid in New Jersey that were paid in New York.[40]

The currency standards that prevailed in New York extended likewise to East New Jersey, for the latter province put into effect the evaluation of foreign coin adopted by its northern neighbor. In 1708, Cornbury wrote that New Jersey had no direct trade with England. East New Jersey bought its European goods from New York and sent thither its grain and other products. Nor did East New Jersey have much trade with other parts of the continent. Of the shipping of the province, Cornbury wrote, "the last year some of the inhabitants built a sloop and fitted her out to sea. She made a voyage to Barbados and that is all the vessels that belong to the eastern division, except wood boats that bring firewood and pipe staves to New York." East New Jersey did not have any native products that might serve as returns for England; thus in 1694 when the colony sent £400 to New York for colonial defense, its remittance consisted of silver coin.[41]

It was stated by New York officials that, in the years before 1685, New York was the mart for Pennsylvania, West New Jersey, and the Delaware counties. But the growth of Philadelphia altered this condition. As early as 1687 Governor Dongan complained that New York was losing the tobacco trade of the Delaware to Philadelphia, and that Pennsylvania was engrossing the fur trade at the expense of the older colony. New York's hardships and expenditures in defense of the colony greatly benefited Pennsylvania, yet the latter colony did not give any material aid. Pennsylvania placed a higher value on pieces of eight than did New York; this was thought to have attracted light money and settlers to the southern province. Cornbury also believed that the fact that the Pennsylvania trade did not pay duties caused people to go there in preference to New York. By 1698, the trade of Pennsylvania was found to be nearly equal to that of New York; and the former colony was buying very little from the latter.[42]

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[39] Petition of mayor, aldermen, and principal officers of New York, May 13, 1685, C. O. 1:57, no. 119; C. O. 1:61, no. 75; petitions of proprietors of East Jersey, March 1, 1697, C. O. 5:980, no. A53; September 23, 1697, *Ibid.*, no. A56; received, March 23, 1699, C. O. 5:1258, no. 1; received, April 12, 1699, *Ibid.*, no. 4; Commissioners of Customs to Lords of Treasury, August 31, 1697, C. O. 5:980, no. A53.

[40] Petitions of proprietors of East Jersey, July 5, 1699, January 15, 1700, *New Jersey Grants*, 589, 594, 598; memorial of proprietors of East and West Jersey, August 12, 1701, C. O. 5:1261, no. 16(ii); Cornbury's instructions, November 16, 1702, *New Jersey Grants*, 625; Hunter's instructions, December 27, 1709, C. O. 5:995, 53-4.

[41] Cornbury to Board of Trade, July 1, 1708, C. O. 5:970, no. 77; *Pennsylvania Colonial Records*, May 23, 1694, I, 459.

Nevertheless, the old contacts were not completely broken. Governor Evans in 1705 said that the Philadelphia merchants copied the trading practices of their New York neighbors. About the same time, Quary complained that New York vessels were exporting tobacco secretly from the Delaware, taking it to New York en route to France and Holland. Tobacco, however, does not enter into the cargoes legally imported into New York from Pennsylvania at the close of the second war. During the year following June, 1715, seven vessels imported goods from Pennsylvania, and six carried return shipments from New York. The New Yorkers owned five vessels to one owned in Pennsylvania. New York's imports consisted of wine, rum, linseed oil, rice, pitch, tar, beef, and pork—all in small amounts. In return New York sent flaxseed, furs, iron, staves, cordage, and chocolate. Provisions in general appear in the exports of each colony, but New York supplied the larger quantity. Both colonies sent European manufactures to the other, but New York's exports greatly exceeded its imports; in two years (1713-15), the first cost of English goods exported from Pennsylvania to New York amounted to only £253.[43]

From the standpoint of number of vessels engaged, New York's commerce with the tobacco area did not exceed one third of that carried on from Boston. New York furnished Virginia and Maryland with bread, flour, West Indian products, cider, beer, European goods, and a few slaves. The returns to New York consisted of grain, tallow, tobacco, pitch, and tar. In the two years following 1715, twenty-four vessels carried goods from New York to Virginia, twenty of these being owned at New York. The return voyage was made by sixteen vessels, fourteen of which were owned by New Yorkers. As far as English goods were concerned, New York acted as distributor. In 1715, for instance, twelve vessels exported such goods to the tobacco area and only one vessel brought a like consignment in return. The balance of this trade favored New York; accordingly money appears in the list of Virginia's exports.[44] During the first war, Virginia sent its defense contribution to New York by means of bills of exchange payable in England, denoting both a lack of credits at the northern province and a deficiency of other returns in the New York trade.[45]

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[42] C. O. 1:57, no. 119; C. O. 1:61, no. 75; petition of New York merchants, 1708, C. O. 5:1048, no. 105(i); Fletcher to Lords of Trade, June 10, 1696, *Cal. St. Pap. & W. I.*, 1696-7, p. 12; New York Council minutes, March 23, 1693, C. O. 1:1183, 404; Cornbury to Board of Trade, July 1, 1708, C. O. 5:1049, no. 96; paper explaining decline of New York revenue, 1692-7, C. O. 5:1042, no. 8.

[43] Evans to Board of Trade, February 13, 1705, *Cal. St. Pap. A. & W. I.*, 1704-5, p. 375; Quary to Cornbury, February 15, 1704, C. O. 323:5, no. 5(i); C. O. 5:1222.

When Penn laid out the city of Philadelphia he intended that it should become the trading center of his province. This it speedily did. As settlement pushed up the Delaware and Schuylkill Rivers, the inland farmers sold their products and bought supplies through Philadelphia traders. The city grew by leaps and bounds. It maintained regular markets and fairs, built imposing wharves along the water front, and domiciled a group of hardy Scottish and English merchants. By 1700, it stood at the center of a settled area which produced an abundance of grain and livestock—a fertile, prosperous, growing country. In the beginning Penn had placed great emphasis on trade, and the colony's economic policy and the spirit of its institutions were alike conducive to free intercourse with the outside world. The location of the city, together with its splendid harbor facilities, made it the natural shipping center for the farms along the Delaware.[46]

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[44] The imports of New York from Virginia-Maryland in the year, June 24, 1715, to June 24, 1716, consisted of the following: 1,096 bushels grain; 6 barrels pork; 58 hundredweight, 1½ tons and 2 casks beeswax and tallow; 1,130 barrels pitch and tar; 8,700 pounds, 1 tierce tobacco; 100 bushels potatoes; 6 hides; 3 dozen skins; 1 cocket European goods. The exports of New York were: 19 barrels, 1 cask fish; 10 casks, 2 barrels lime juice; 100 arms; 100 pounds cotton-wool; 21¾ hundredweight, 2 bags, 2 barrels, 18 casks sugar; 94 hogsheads, 25 tierces, 3 barrels, 8 casks molasses; 12 cockets European goods; 7½ tons provisions; 13 hogsheads, 9 tierces, 5 casks rum; 7 negroes; 536 barrels, 46 casks cider and beer; 100 bushels salt; 4 casks wine; 1 box cheese; 17 tons logwood; 4 casks flour and bread; 4 hundredweight flax; 3½ dozen cutlery. C. O. 5:1222.

[45] Two official statements of remittances of Virginia to New York by bills (1691-5) are C. O. 5:719, no. 10. In respect to the trade of New York, North Carolina belonged to the same group as Virginia and Maryland. In two years after 1715, eight vessels left New York for North Carolina and eight arrived from that province. Three fourths of these small craft belonged to New York. The commodities exchanged and the economic relations of the two provinces were the same as in the case of the New York area of the tobacco trade. Somewhat larger was the trade between New York and South Carolina. The former supplied the latter with provisions, West India commodities, and a few negro slaves. In the two years after 1715 South Carolina returned four principal commodities: rice, Indian slaves, pitch, and tar. The ships entering and leaving New York during these two years numbered twenty-seven. New York owned fourteen of these and South Carolina five. European goods do not appear in the cargoes, save that New York supplied arms and gunpowder. C. O. 5:1264, no. 86; C. O. 5:1222, C. O. 5:1292, 458; C. O. 5:508.

The tobacco exported by Philadelphia came from the three lower counties. In 1696 Quary noted a considerable production there which he thought yielded a fourth of the produce of the province. Three years later he found a great increase; the province had flooded the West Indian markets with provisions; now it was turning to tobacco. The crop of 1699 had amounted to four times that of any previous year. Not enough ships were available in June, 1700, and in 1702 the Assembly of the lower counties declared that they had that year freighted ten vessels for England. The exports from Pennsylvania in the period 1698-1704 totaled 1,482,488 pounds. The tobacco was marketed by the merchants of Philadelphia, who in turn supplied the farmers with goods they needed. This relationship accounts in part for the determination of the lower counties to have their own assembly rather than accept representation in the Pennsylvania legislature.[47]

West New Jersey soon came within the trading sphere of Philadelphia. In 1693 the Assembly of that province declared that "it has been found very inconvenient that money in this province hath differed in value from the same coin current in our neighboring province of Pennsylvania." It was therefore enacted that the schedule of foreign coin values then prevailing in Penn's colony should extend likewise to West New Jersey. Lord Cornbury later observed that West New Jersey imported all its European goods from Philadelphia and sent thither its surplus grain. It owned not a single vessel, and traded only with Philadelphia.[48]

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[46] There is no satisfactory account of the economic history of Pennsylvania. The collection of documents by A. C. Myers, *Narratives of Early Pennsylvania* (New York, 1912), 202 *ff.*, throws much light on early trade and the position of Philadelphia in the province. See also Nicholson to Shrewsbury, June 14, 1695, *Cal. St. Pap. A. & W. I.*, 1693-6, p. 511; F. Jones to Penn, November 13, 1697, C. O. 5:1257, no. 4; Quary to Board of Trade, received, September 22, 1697, C. O. 5:1233, no. 32; Quary to Nottingham, November 27, 1702, C. O. 5:1084, no. 11.

[47] C. O. 5:1233, no. 32; Quary to Commissioners of Customs, March 6, 1700, C. O. 383:3, no. 44A; Pennsylvania Council minutes, June 1, 1700, *Pennsylvania Colonial Records*, I, 610; address of Assembly of lower counties, November 21, 1702, C. O. 5:1262, no. 10(v); Quary to Board of Trade, June 30, 1703, C. O. 5:1262, no. 32; account of exports from Pennsylvania to England, Christmas, 1698, to Christmas, 1705, C. O. 5:1263, no. 145.

After the reunion of the Jerseys in 1702, the two parts of the province continued to use different money standards. That of East New Jersey—the official standard of the province—was derived from New York; that of West New Jersey from Philadelphia. Consequently, when public dues were collected in West New Jersey, the accounts were first stated in Pennsylvania money. But when remittance was made to East New Jersey, the sums had to be converted into New Jersey money. Though West New Jersey belonged politically with East Jersey, commercially it belonged to Pennsylvania.[49]

Philadelphia had some dealings likewise with East New Jersey. In 1701, the Pennsylvania Council found that "the province of East Jersey have a means to exhaust this government of their coin, to pay for the cattle imported for the supply of Philadelphia." For the sake of Pennsylvania's "self-subsistancy," and to prevent "the inconveniences likely to arise by the great export of the coin thereof," the Council adopted several measures to increase the number of sheep and cattle within the province.[50] Obviously, Philadelphia was not at this time supplying East New Jersey with European goods.

In the decade of the 1690s Pennsylvania exported beer, foodstuffs, horses, rum, sugar, wine, and spirits to Maryland. This trade, however, did not put Maryland at its ease. A committee of the Assembly in 1694 presented the following complaint against the Pennsylvania traders: "They refuse to barter or exchange for any of the commodities of the growth and production of this province, but taking advantage of our necessities compel the innholders and other good people of this province to pay ready money for the said goods or merchandise, and that at intolerable and extravagant rates, whereby the innholders are forced again to exact . . . still more grievous rates of the inhabitants of the province, denying to travelers in their necessities though men of great credit and reputation reasonable relief, unless they pay ready money, whereby the money of this province is at intolerable rates . . . extorted by ordinary keepers, and by them paid to Philadelphia merchants, exported in specie clearly out of this province, in such quantities that we have been informed of fifteen hundred pounds sterling these last two years to have been so carried out."[51]

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[48] Coin act of West New Jersey, October 3, 1693, *New Jersey Grants,* 516; Cornbury to Board of Trade, July 1, 1708, C. O. 5:970, no. 77.

[49] A general state of Her Majesty's revenue in New Jersey from December, 1704, *Ibid.,* no. 89(i).

[50] *Pennsylvania Colonial Records,* II, 2.

The Maryland Assembly devised several measures to stop the exporting of coin. First, in 1694, it placed an extra duty on rum and beer imported from Pennsylvania. The ordinary duty on rum and beer imported was set at 4d. a gallon, but consignments imported from Pennsylvania by land had to pay 6d. a gallon for beer and 9d. a gallon for rum. This law, as reenacted in 1695, specifically stated that it aimed to curtail the exporting of coin from Maryland to Pennsylvania. In 1704, another act levied a duty of 9d. a gallon on all rum, spirits, wine, and brandy imported from Pennsylvania, although the duty on these commodities coming from other places amounted to only 3d. a gallon. Governor Seymour explained the purpose of the law: "Our neighbors in Pennsylvania have the opportunity of bartering their flour, pork, and pipe staves for rum, sugar, and molasses, for venting which they have for many years come hither and picked up the little current money we have scraped to answer small conveniences, to the great prejudice of this country, which it is hoped this imposition will prevent." This discrimination against the Pennsylvania imports remained a settled policy of the Maryland Assembly.[52]

An even more determined attack was made on the provision trade of the Philadelphia merchants. An act of 1704 prohibited altogether the importation of bread, beer, malt, horses, tobacco, wheat, and other grains into Maryland from any of the colonies. The preamble of the act designated Pennsylvania in particular, and Seymour explained that it intended to free Maryland from dependence on and indebtedness to its northern neighbor. The prohibition likewise continued in force—a regular feature of the commercial war between the two colonies.[53]

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[51] Journal of Maryland House of Delegates, September 25, October 1, 1694, C. O. 5:740, 335-6, 346.

[52] *Ibid.*, September 25, 27, October 18, 1694, 336, 337, 411; Maryland revenue act, 1705, C. O. 5:718, 251-2; act of April 30, 1696, C. O. 5:719, no. 9; acts of October 3, 1704, *Maryland Archives*, XXVI, 281, 289; act of 1715, *Ibid.*, XXX, 328; Seymour's remarks on acts of 1705, C. O. 5:715, no. 87 (vii, 19-20).

The policy of Maryland grew out of a trading relation with Philadelphia that the planters considered detrimental to themselves. They found that they had to pay high prices for Pennsylvania provisions, and that the outside trader carried off their coin in preference to their tobacco. While the restrictive acts which sought to curtail importations from Pennsylvania were in effect, the planters were also trying other remedies. They raised their own grain, made their own beer, and built ships to carry their surplus provisions to the West Indies to procure there the rum, molasses, and other foreign goods they had formerly received by way of Philadelphia. The grain trade, said the Maryland Council in 1707, "is beginning to flourish by sundry vessels built in the country capable of exporting great quantities as well as divers vessels on purchase from the northern plantations. . . . It may be of prejudice here for the farmers to have the Pennsylvanians import their grain and pick up the ready money and bills of exchange by which and other like practices they have heretofore sucked the very marrow of the province."[54]

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[53] *Ibid.*, 29-30; act of October 3, 1704, *Maryland Archives*, XXVII, 172-3; act of November 4, 1710, *Ibid.*, XXVII, 574; act of June 3, 1715, C. O. 5:729, 88.

[54] Order of Maryland Council, November 10, 1713, *Maryland Archives*, XXIX, 328. The trade of Pennsylvania with the other colonies may be indicated briefly. In 1708 Governor Cranston reported that Rhode Island was sending rum, butter, cheese, and money to Pennsylvania in return for flour, wheat, biscuit, dressed leather, and bacon. C. O. 5:1264, no. 92(ii). The exports of Pennsylvania to Virginia in 1697 and 1708 consisted of flour, bread, rum, and wine. The returns in 1697 were made up of beef, pork, wheat, pipe staves, tar, pitch, and tobacco; in 1708, of European goods, wheat, and money. C. O. 5:1309, no. 24 and C. O. 5:1316, no. 16(ii). To South Carolina, Pennsylvanians sold beer, cider, flour, fish, and European goods, receiving in exchange deerskins, tanned leather, pitch, tar, and rice. In 1717, seven vessels went out from Philadelphia for South Carolina, and seven came in from Charleston. The latter exported 293 barrels of rice, 207 barrels of tar, 306 barrels of pitch, together with wine, European goods, leather and skins. In 1703 Quary was seeking beef, pork, rice, and peas in South Carolina for the West India forces. He found the pork and peas of the province very good, but because of the distractions of the war, he was unable to send the needed provisions from there and had to procure them at Philadelphia. South Carolina bought provisions from the northern towns well into the eighteenth century, and in doing so, according to Governor Glen, was drained of its hard money. C. O. 5:1264, no. 86; C. O. 5:508, Quary to Victualling Board, April, 1703, C. O. 5:1233, no. 43.

A fairly uniform pattern was woven into the mainland commerce of the northern towns.[55] The merchants of the towns supplied their country trading areas with foreign goods and carried away the native products of each locality. The vessels engaged in such trade were owned almost exclusively by residents of the towns. Likewise, the country people depended upon the town for marketing services. The merchants generally consigned goods to country traders or shopkeepers, extending credit to their correspondents and assuming the risks of the trade. The towns naturally assumed the rôle of banker, inasmuch as their merchants collected all sorts of debts and made various payments for their country correspondents. A Rhode Island debtor and a Connecticut creditor might agree to a payment at Boston through a merchant with whom both had contacts. Inland bills of exchange drawn on the town merchants were used to transfer credits from one locality to another—or even within the same locality. The town merchants also performed various friendly services for their country clients, making personal purchases for them, and extending courtesies to relatives come to town. In addition, financial transactions of the country with England were executed through the towns. A country-man who desired to send money abroad would borrow from or put funds in the hands of a town merchant, receiving a bill of exchange on England. Similarly, money remitted from England would be sent to a town merchant, who would forward it to the proper locality.

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[55] For illustrations of the points in the following discussions, see account of George Clarke, Boston retailer, and Robert Calef and John Marshall, Boston merchants, 1696, Massachusetts Archives, CXIX, 104; James Brown, Boston retailer, and Thomas Fitch, Louis Boucher, Thomas Palmer, and Daniel Oliver, Boston merchants, *Ibid.*, 233; Mrs. Hannah Pemberton, Boston retailer, and Grove Hirst, Boston merchant, *Ibid.*, 261-6; list of debts due to and owed by John George and Mrs. R. Laflin, in commercial partnership, Boston, 1702, *Ibid.*, 226-8; account of John Lane, Ipswich, and Richard Whittingham, Boston merchant, 1697, *Ibid.*, 138; John Lane and David Jeffries, Boston merchant, 1695-8, *Ibid.*, 136-7; Richard Parsons, Northampton, and John Mico, Boston merchant, 1697-8, *Ibid.*, 133 and *Idem*, LXII, 164; Richard Dale, Newbury, and S. and E. Shrimpton, Boston merchants, 1676-82, *Idem*, CXIX, 64-5; George Jaffrey, Portsmouth, and S. and E. Shrimpton, 1702, *Idem*, LXII, 504-8; George Jaffrey and Peter Butler, Boston merchant, 1694-9, *Idem*, CXIX, 148-52; John Christopher, New London, and John Mico, 1698, *Ibid.*, 133; Fitz-John Winthrop, New London, and Wait Winthrop, Boston merchant, 1687-1700, Winthrop Papers, VI, 60, 61, 74, 83-4, 100, 132, 151; Nathaniel Stanley, Hartford, and N. Roberts, Boston merchant, 1706, Massachusetts Archives, LXIII, 68; M. Stonwich and Captain Dillanoll, New York, and Nathaniel Davenport and John Poole, Boston merchants, *Idem*, CXIX, 48-9; William Byrd, 1st, Virginia, and Mr. Hutchinson, Boston merchant, 1696, *Virginia Magazine*, XXVI, 258; certificate of shipment to Virginia on the *Dolphin* of Boston, 1696, Massachusetts Archives, LXII, 104-5; sailing orders of Andrew Faneuil, Boston merchant, for the bark *Hopewell*, bound for Virginia, 1699, *Ibid.*, 323; consignment to Virginia in the *Ann and Sarah*, vessel of Benjamin Gallop, Boston merchant, *Idem*, LXIII, 176-7; petition of 46 merchants and traders of Boston to the General Court in favor of a bankruptcy law, 1699, *Idem*, CXIX, 147.

In the exchanges between town and country, the balance of payments generally favored the town. The goods which the farmers bought were expensive, since they had to bear all the costs of shipping and marketing. A good share of the price of such goods went to the town in payment of freights and merchants' services. The unfavorable balance resulted in the movement of money and bills of exchange from country to town. Very little money circulated anywhere among the farmers; such of it as the colonies had was generally concentrated in the commercial centers. Beyond this, the unfavorable balance was translated into debt. The chain of colonial indebtedness ran from the inhabitants to shopkeepers and country traders, and from the latter to the town merchants. The economic connections of colonial life depended upon honor, good faith, and integrity. Creditors, however, were not loath to bring the law upon unworthy debtors.

Their commercial relations with the towns were not wholly satisfying to the country districts. New Hampshire, New York, and Maryland found fault with Boston; Long Island, interior New York, and East New Jersey were antagonized by the port of New York; and Maryland bitterly resented the encroachments of Philadelphia. One source of distress was the drainage of money from country to town. Many remedies for this appealed to the country folk. The exportation of money might be prohibited by law. Recognizing the relation between shipping and marketing and indebtedness, the country traders made efforts to acquire vessels of their own and to carry on an independent trade within their districts. In pursuing such remedies, the localities were responding to an urge toward economic independence. If a locality acquired shipping and performed its own marketing services, it might eliminate the unfavorable balance of trade, avoid debt, and acquire a stock of money adequate to its supposed needs. Each colony desired a plentiful supply of coin for local use. Yet the need of foreign goods was more insistent. Since the supply of both was limited, the country districts faced a vexing dilemma. The difficulties that Boston, Philadelphia, and New York met in paying for their purchases from England likewise confronted the country regions in their trade with those colonial towns.

CHAPTER V

THE PROBLEM OF RETURNS

> The inhabitants of Pennsylvania, East and West New Jersey, New York, and New England, . . . having no produce to make returns for the commodities of England except some skins, furs, whalebone and whale oil, which will soon grow less plentiful as the people increase, are forced to keep sheep and sow hemp and flax and set up the linen and woolen manufactures to the great prejudice of England.—Memorial of John Tyzack (1700).

The writings of G. L. Beer have probably exerted a greater influence in shaping modern views of early British colonial policy than the works of any other historian. Among the many ideas which he has advanced, three in particular have gained widespread currency. Until about 1745, he writes, the colonies were esteemed more as sources of supply of products which England needed than as markets for English goods.[1] Virginia, Maryland, the Carolinas, and the West Indies were preferred to the northern mainland of America because they provided the commodities which England most desired.[2] However, with the progress of the Industrial Revolution, opinion and policy in England shifted. The colonies came to be valued more and more as markets, and, because the northern area had for many years been extending its purchases of English goods, it was looked upon with increasing favor.[3] When England decided in 1763 to retain Canada instead of Guadeloupe and Martinique, the "new" policy—that of emphasizing the colonies as markets rather than as sources of supply—won a decisive victory.[4]

A survey of British colonial policy from an angle of vision different from Beer's suggests a serious modification of his views.

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[1] *The Origins of the British Colonial System*, 1578-1660 (New York, 1922), 75-7.

[2] *British Colonial Policy*, 1754-1765 (New York, 1922), 134-5.

[3] *Ibid.*, 135, 155-6.

[4] Many of the most widely-read American historians have expressed ideas similar to Beer's. See J. T. Adams, *The March of Democracy* (New York, 1932), 79; C. H. Van Tyne, *The Causes of the War of Independence* (Boston, 1922), 60; C. M. Andrews, *The Colonial Background of the American Revolution* (New Haven, 1924), 100, 126; C. W. Alvord, *The Mississippi Valley in British Politics* (Cleveland, 1917), I, 52.

It appears that the early interest in the colonies as markets was much stronger than he appreciated. It appears also that long before 1763 many important British policies were designed primarily to enlarge the sale of British goods in America.

Let us consider the first idea set forth by Beer—that prior to 1745 the colonies were more highly prized as sources of supply than as markets.

Undoubtedly one of the principal impulses to the economic expansion of England arose from the growth of domestic industry—particularly the manufacture of woolen cloth. During the Middle Ages, when England was exporting raw products, chiefly wool, her manufactures were backward and her outside trading contacts were very limited. After 1350, however, the growth of the woolen manufacture coincided with the rise of a class of native merchant employers. These merchants bought up raw wool, hired artisans to manufacture it into cloth, and sold the finished product in the available markets. The appearance of the merchant employer led to a twofold desire to increase production and to extend England's foreign markets. As long as England exported only raw products, the available market was restricted; they could be sent only to a relatively few continental manufacturing towns. When England, however, had cloth to sell, her immediate markets widened immensely, since woolens could be carried directly to the consumer in every quarter of the known world. Manufacturing for foreign markets in turn broke down the idea of restricted production so dear to the gilds. Restricted output was compatible with a restricted local market, but was wholly incompatible with unlimited foreign markets supplied directly by the merchant employers.

Thus, after 1350, the Merchants of the Staple, engaged in the export of raw produce, gave way before the Merchant Adventurers, whose main business was the exportation of finished cloth. The opening of new areas resulted in the need of commercial specialization; consequently, after 1550, the Merchant Adventurers were supplemented by the new chartered companies, each with a trading monopoly to a particular region. These companies, like the Merchant Adventurers, exported England's finished goods—chiefly cloth. Such commercial expansion and territorial specialization were possible because, after 1550, England had finished products that could be used everywhere.[5] Likewise, England became interested in colonies largely because she had manufactures to sell. Had she had only raw wool, hides, tin, and the like for export, she could have traded with advanced industrial regions, but hardly with the backward peoples of Africa and America.

As a matter of fact, the early projectors of colonies pointedly argued that they would become desirable markets. Hakluyt wrote in 1584: "Now if Her Majesty take these western discoveries in hand, and plant there, it is likely that in short time we shall vent as great a mass of cloth in those parts as ever we did in the Netherlands, and in time much more."[6] Sir Humphrey Gilbert, Sir George Peckham, and Captain Christopher Carleill wrote to much the same effect at this time.[7] The men who supplied the capital for early oversea expansion were largely merchants engaged in marketing the wares which were made in England under their auspices.[8]

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[5] E. Lipson, *The Economic History of England* (London, 1920, 1931), I, 403, 414-15, 417, 419; II, 4, 186-8, 195-6; *The Cambridge Modern History* (New York, 1907) I, 494, 496, 511-13.

[6] Quoted in Beer, *Origins*, 72.

[7] Carleill argued in 1583 that American colonies would result in "a very liberal utterance of our English cloths." *Ibid.*, 72. Beer says, *Ibid.*, 37: "Similarly Sir George Peckham, who was closely associated with Gilbert in the work of exploration, favored colonization as a means of increasing English trade and of thus giving greater employment to the poor at home, who 'doe now live here idlely to the annoy of the whole state'." Gilbert wrote in support of his project of the search for the Northwest passage: "Besides uttering our country commodities, which the Indians, &c much esteem: as appeareth in Hester, where the pomp is expressed of the great king of India, Assureus, who matched the coloured cloths wherewith his houses and tents were apparelled, with gold and silver, as part of his greatest treasure: . . . whereby it plainly appeareth in what estimation they would have the cloths of this our country, so that there would be found a far better vent for them by this means, than yet this realm ever had. . . ." Richard Hakluyt, *The Principal Navigations Voyages Traffiques and Discoveries of the English Nation* (Everyman edition, London, no date), V, 116. Beer, *Origins*, 72, quotes from a pamphlet, *Nova Britannia*, of 1609: "But of all things that God hath denied that country [Virginia], there is want of sheep to make woolen cloth, and this want of cloth must always be supplied from England, whereby when the colony is thoroughly increased, . . . it will cause a mighty vent of English cloths, a great benefit to our nation, and raising again of that ancient trade of clothing, so much decayed in England."

[8] "It would therefore appear that the effort to find an outlet for woolen fabrics in India was not altogether fruitless, and an early traveller noticed the sale of English kersies in Bengal. But the Indian demand, though stimulated at first by the novelty of the commodity, was necessarily limited, and the Company encouraged the search for a new route in hope of finding a market for cloth. The attempts to discover a North-West or North-East passage originated largely in this illusory prospect. Thus in 1541, according to the report of Chapuys, the Privy Council deliberated about 'sending out two ships to discover a passage between Iceland and Greenland, where it was thought the great cold would cause a good sale for woollen cloths.' Shortly after its foundation the East India Company for

The earliest regulations of the colonies also emphasized their value as markets. It might be noted here that Beer uses the term markets in too narrow a sense. Not only were the English merchants interested in selling goods; they also were interested in markets for their ships, their capital, and their services as exporters and importers.[9] Before 1650 the major economic regulations were applied to the colonial tobacco trade. Tobacco had to be shipped directly to England in English vessels, and foreign traders were excluded from the colonies.[10] But these restrictions do not mean that England was interested only in an adequate supply of tobacco for domestic consumption. They all meant that the colonial trade should be in the hands of English merchants—that tobacco should be sold to England that it might be paid for with English goods; and, if it were shipped in English vessels, English shipowners would earn the freights and English merchants the middleman's profit.[11]

Especially important in this connection is the Staple Act of 1663, requiring that most European goods should be carried to the colonies by way of England. The object, of course, was to enable England, by taxing foreign products bound for America and the West Indies, to monopolize the colonial markets. This act appeared only three years after the enumerated article clause in the great Navigation Act of 1660. What Beer repeatedly fails to

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the same reason financed a voyage, in co-operation with the Russia Company, for the 'discovery of a passage by seas into the East Indies by the North-West through some part of America.' The expedition proved a failure, and henceforth the task of finding a North-West passage was left to others." Lipson, II, 283-4. Lipson also notes that the East India Company was widely criticized because its exports of English goods were insufficient. *Ibid.*

[9] Thomas Mun, *England's Treasure by Forraign Trade* (London, 1669), 18-19.

[10] Beer, *Origins*, 169, 233-4, 239.

[11] Beer himself gives convincing evidence of this fact. The Privy Council in 1633 and 1634 directed the governor of Virginia not to permit foreigners to trade with the colony. The governor, Sir John Harvey, stated in 1632 the colony was in dire need of European goods, and complained that the English traders were charging higher prices for their wares than the Dutch were asking for Dutch goods. One English trader thereupon asked the Privy Council to exclude foreigners from the Virginia trade. The Privy Council referred this request to a group of men, "among whom were the farmers of the customs and some of the traders about whom Harvey complained." On August 14, 1633, this group urged that the trade of Virginia "should be carried wholly by the English and the returns to be made wholly into England only . . . whereof it will follow that

His Majesty's customs and duties shall be received
Our own men and shipping employed
The navigation of the kingdom increased
The plantation duly and sufficiently supplied
Our merchants and planters benefited and encouraged by the transportation of that surplus which now strangers carry to their own markets." *Origins*, 232-4, 237-8.

emphasize is the importance of profit in colonial trade—the invisible items of insurance, freights, commissions, and interest on invested capital. These could be obtained most easily if the colonies had to buy and sell only through England, and if all foreign vessels were excluded from colonial trade. The enumerated article clause indicated much more than England's desire for an adequate domestic supply of sugar, tobacco, indigo, dyewoods, ginger, and the like. It indicated that if the colonies sold to her, they must likewise buy, just as the shipping clauses of the act of 1660 indicated that if the colonies employed English vessels, they would likewise employ English merchants to whom they would pay respectable commissions and profits.

England's treatment of New England after 1660 likewise revealed a deep concern in the colonies as markets. The Randolph missions, the annulment of the Massachusetts charter in 1684, and the Dominion of New England all bear witness to the fear of English merchants that Boston would deprive them of the market value of the colonies. Not only were the Bostonians importing goods directly from Europe rather than from England; they were also earning an increasing share of the profits of carrier and middleman in the southern colonial trade. Their exportation of the enumerated articles directly to Europe was only one of many offenses.[12]

One writer of this time widely quoted in support of Beer's thesis was the merchant prince, Sir Josiah Child. His *New Discourse of Trade* undoubtedly betrayed a preference for the staple producing parts of the Empire. But he preferred the southern colonies partly because they were England's superior markets. He argued that one Englishman in the southern colonies working eight or ten slaves employed four English workers, whereas ten settlers in the northern colonies did not employ a single Englishman. This estimate certainly does not ignore the value of the colonies as markets.[13]

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[12] G. L. Beer, *The Old Colonial System* (New York, 1912), I, 254-6, 258, 262-3, 267, 285.

In 1676 a group of English merchants objected to the trade of New England, "whereby all sorts of merchandise of the produce of Europe are imported directly into New England, and thence carried to all of the other of the King's dominions in America, and sold at far cheaper rates than any that can be sent from hence, and that they take in exchange the commodities of the plantations which are transported to Europe without coming to England, so that New England is become the great mart and staple, by which means the navigation of the kingdom is greatly prejudiced, the King's revenue unexpressibly impaired, the price of home and foreign commodities lessened, trade decreased, and the King's subjects much impoverished." Quoted, *Ibid.*, II, 259, citing *Calendar of State Papers, Colonial Series, America and West Indies*, 1675-76, p. 337.

A perusal of the evidence that Beer offers in support of his thesis indicates that the early promoters of colonization realized that buying from and selling to the plantations were supplementary. If England obtained products from the colonies, she had to provide something in return; and certainly it was not proposed to give away her exports. What all the early writers urged was an exchange whereby markets would be enlarged and new commodities procured. It does not follow that concern about sources of supply overshadowed interest in markets, or *vice versa.*

The projectors of colonies, it is true, did give more space in their writings to the description of American resources than to English exports. This, however, was only natural. It was unnecessary to describe England's products or to insist upon the desirability of markets. These were certain and known factors, taken for granted. But colonial resources were generally unknown and uncertain. The promoters of colonies, therefore, had to write at length about the possibilities of American production—to arouse interest and to tempt investors; consequently, they described at length what was unfamiliar, rather than what everyone already knew. The contemporary literature may place a seeming emphasis on American products, but it is only an advertising emphasis given to the novel phase of an experimental project. The features upon which everyone was agreed—that England had certain wares for export and that larger markets were desirable—did not need to be asserted in detail.[14]

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[13] Sir Josiah Child, *A New Discourse of Trade* (London, 1804), 201-02. Elsewhere, Child wrote: "if it be considered, that our plantations spending mostly our English manufactures, and those of all sorts almost imaginable, in egregious quantities, and employing near two thirds of all our English shipping, do therein give a constant sustenance to, may be, two hundred thousand persons here at home; then I must needs conclude . . . that we have not the fewer, but the more people in England, by reason of our own English plantations in America." *Ibid.*, 176.

[14] Beer's evidence is given in his *Origins*, 58-9, 63-5, 68-76, especially in the footnotes. In connection with the early emphasis on the colonies as sources of supply, the following observations may be in place: (1) most of the early writers were seeking charters or government favors; hence they naturally emphasized the likely contributions of the colonies to the security of the state, rather than the possible gains of individuals. (2) The same interest in American resources appears in the writings of the Puritans who emigrated to New England, although their major motive in emigrating was not to supply England with products which she lacked. (3) Beer contends that the new sources of supply were needed by

Beer's second idea—that the southern colonies were preferred by England because they were the best sources of supply—is an obvious corollary of his major premise. The question is, however: were the southern colonies valued because they were the best producers and also the best markets?

The main direction of early English colonization was toward the south. Even after the Great Migration of the Puritans, there were more than twice as many English settlers in the West Indies and the tobacco area as in New England.[15] Consequently, the early exports to New England from England were only a fraction of those to the southern colonies. Then the rise of slavery and the English trade after 1660 further enhanced the value of the southern colonies as markets. Slaves were procured in Africa in part by the exchange of English wares, and every negro worker in turn added to the effective demand for English goods. In 1700 the exports from England to her colonies north of Maryland were less than a third of similar exports to the colonies south of Delaware Bay.

At this time, however, English officials were becoming aware of the value of the northern and the middle colonies—aware that those settlements made a substantial contribution to England's economic progress. For two outstanding reasons they justified themselves in the imperial scheme. In the first place, they provided a growing market for English manufactured goods. In the year 1700 they bought English products worth £187,000; for the year 1715 the total had increased to £235,000. Similar imports of Virginia and Maryland in 1700 amounted to £215,000, whereas their

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England to relieve her of dependence on certain foreign trades: with the Baltic, with southern Europe, with the Far East, and with the Dutch. However, one of the main objections to these trades was that the balance of payments was against England. In other words, these trades did not provide sufficiently good markets for English goods, thus resulting in a drain of English specie. On the other hand, if alien products were obtained in the colonies, they would be paid for with English goods. The customary policy of states at the time was to place the heaviest restrictions on the exports of other countries, rather than on their own—to sell as much and to buy as little as possible. *Ibid.*, 56-60. Beer adds in a footnote, " . . . it was perceived that a colony which was supplied with manufactures by England and produced commodities not wanted in the mother country, might still be advantageous by exporting these products to foreign markets, where they would pay for supplies needed by England. Thus, in 1638, Gorges wrote to Secretary Windebank that the exports of fish and lumber from the American colonies to Spain, Madeira, and the Canaries paid for commodities imported from those places into England." *Ibid.*, 71.

[15] 22,500 in New England; 52,000 in Barbados, Virginia, St. Kitts, and Nevis. N. M. Crouse, "Causes of the Great Migration," *New England Quarterly*, V (January, 1932), 4.

purchases in 1715 had a value of only £205,000. The northern markets for British goods were expanding; they promised to become considerably more valuable than those of the mainland colonies to the south.[16]

In the second place, the bread colonies were essential as food producing centers for other parts of the Empire. The Board of Trade observed in 1705 that "if the merchants on the northern continent do forbear trading and carrying provisions to the southern plantations, it would tend to the ruin of those islands, and be of the greatest prejudice to Her Majesty's customs in England."[17] This view explains the motives behind England's military plans touching Canada during Queen Anne's War. Captain Samuel Vetch, in his "Canada Survey'd" gave a careful account of the economic importance of New England that coincided with the views of the Board of Trade. The British West Indies, said the Board's report on Vetch's proposals, "will not be able to carry on their trade or even to subsist (especially in time of war) without the necessary supplies from those northern plantations of bread, drink, fish, and flesh, of cattle and horses for cultivating their plantations, of lumber and staves for casks for their sugar, rum, and molasses and of timber for building their houses and sugar works."[18] It was therefore imperative that the northern colonies should continue to produce these desired commodities. But the French were interfering at every point. They hampered the lumber industry, "and the chief branch of the New England trade, their fishery, is now ruined."[19] French privateers had taken so many provision vessels bound for the islands that the northern traders failed to send the usual supplies. The sugar planters were thereupon reduced to desperate straits—so desperate in fact that the Queen had found it necessary to dispatch some supply ships from England. Since the French used Canada and Nova Scotia as bases for attacking British ships, it became imperative that England seize those provinces. The expeditions for that purpose in Queen Anne's War thus asserted the economic importance of

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[16] C. O. 390:5.

[17] Board of Trade to Secretary Hedges, C. O. 5:741, 61.

[18] Board of Trade to the Queen on Memorial of Captain Vetch, December 1, 1708, C. O. 324:9, 269-73.

[19] Petition of English merchants trading to New England, 1714, C. O. 5:752, no. 6; Board of Trade to the Queen, January 15, 1714, C. O. 5:913, 466-7.

New England. It was not a needless appendage of the Empire but a part of its very foundations.

Such being the value of the northern colonies, England felt it desirable to keep them in a non-industrial state and to prevent their manufacturing the sort of goods which she herself could supply. The American demand for woolen cloth in particular occasioned concern at Westminster, for English woolens made up about a third of the exports shipped to the northern plantations. The Board of Trade considered the woolen manufacture "the most substantial branch of the trade of this kingdom."[20] Because of their expanding population and their severe climate, the New England colonies offered a splendid prospect of future markets.[21]

Near the end of the seventeenth century some branches of the English woolen trade were in a drooping state and seemingly in need of restoratives. The preamble of the Woolen Act of 1699 presented one view of the trouble—that "great quantities of . . . manufactures . . . have of late been made and are daily increasing in the Kingdom of Ireland and in the English plantations in America and are exported from thence to foreign markets heretofore supplied from England which will inevitably sink the value of lands and tend to the ruin of the trade and woolen manufactures of this realm." The clause in the act which affected the colonies was inserted at the suggestion of the Board of Trade—a suggestion made under the Board's impression that cloth manufacturing was spreading so rapidly throughout New England as to imperil the import trade from the mother country. The act did not prohibit making of woolen cloth in America but forbade the exportation of any such American made product from the colony in which it had been produced.[22]

The results of this act did not satisfy the Board of Trade. Time after time it lamented that the New England colonies "do turn the course of trade to the promoting and encouraging woolen and other manufactures proper to England, instead of applying their thoughts and endeavors to the production of such commodities as are fit to be encouraged in those parts, according to the first design and intention of such settlements." More particularly the Board complained in 1702 that English cloth workers were being enticed to the colonies by high wages, where they became engaged in manufacturing, not only for their immediate neighbors but also for the southern plantations. So far advanced were some of the colonial products that they equaled English goods in quality. The colonists could get dyes more cheaply than England; hence their dyed cloth often undersold its English rival. From Boston Governor Dudley wrote in 1704 describing the difficulties of keeping the New Englanders from making cloth.[23] "I can see the woolen manufacture here is increased very much and growing daily": "from his Excellency's family to the meanest peasant homespun is worn"—these are two reports from New Hampshire.[24] Even Virginia, when tobacco prices fell during the war and English goods became scarce, took to making its own cloth.[25] When urging the conquest of Canada in 1711, Jeremiah Dummer argued that it would enlarge the market for British woolens. Britain would engross the fur trade, thereby supplying the Indians with goods previously furnished by the French. "And whereas there have been jealousies lest some of the plantations on the continent should in time come into the woolen manufactures, there will be no danger of that here, Canada being a country so extremely cold, and the ground for half the year covered with snow, and consequently unfit for the nurture of sheep, that it will be ever impracticable there, however it may be with respect to the more southern settlements."[26]

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[20] Board of Trade to House of Lords, November 18, 1702, C. O. 389:18, 14; report of Inspector-General of the Customs on woolen exports to the colonies, November 21, 1715, C. O. 390:2, 6-9.

[21] Petition of R. Butler, W. Ashton, H. Pacey and others to the Queen, *ca.* 1706, C. O. 323:6, no. 10.

[22] 10 William III, c. 16; Board of Trade to House of Commons, January 13, 1699, C. O. 389:16, 148.

By 1715 the British Government had taken a definite stand with respect to manufacturing in the colonies. The Board of Trade had rejected a suggestion for making sail-cloth at New York because it would "be more advantageous to England that all hemp and flax of the growth of the plantations should be imported hither, in order to the manufacturing of it here."[27] The Board also advised against confirming a Pennsylvania law for encouraging shoemaking in the province on the ground that "it cannot be expected that encouragement should be given by law, to the making any manufacturers made in England . . . , it being against the advantage of England."[28] Another case affected the iron trade. When foreign wrought iron was reexported from Britain to the colonies (1711), no drawback of duty was granted, but a drawback was allowed on foreign unwrought iron. The exporters of British ironware complained that large quantities of unwrought iron from Holland went to the colonies through the favor of the drawback, and there it was manufactured into finished products. The New Englanders had charcoal "cheaper than the smiths in London, and by reason of the great plenty of provisions and increase of people they at present have more done in New England for an English crown than is in London. Being encouraged by those advantages they have made most of their iron and steel ware for these two years past and much incommoded the Great Britain manufacturers by selling their iron and steelware to their neighboring colonies." When the Board of Trade described these conditions to the Queen, it was instructed to draft a clause for an act of Parliament that would abolish the drawback on foreign unwrought iron. This the Board did, asserting in the preamble the alarming views of the exporters of British iron and steel.[29]

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[23] C. O. 389:16, 17-18; *Ibid.*, 263; Board of Trade to House of Lords, November 27, 1704, C. O. 389:18, 273-4.

[24] Bridger to Board of Trade, March 27, 1709, C. O. 5:865, no. 28; Usher to Board of Trade, *ca*, July, 1709, *Ibid.*, no. 34.

[25] President and Council of Virginia to Board of Trade, August 29, 1706, C. O. 5:1314, no. 34.

[26] Dummer to Board of Trade, January 24, 1711, C. O. 5:865, no. 60.

The same considerations applied to the southern colonies. The planting of cotton and flax in Virginia was regarded as contrary to England's service, and the governor was instructed to discourage it.[30] A scheme for developing an iron mine on the James River came before the Assembly in 1710. Governor Spotswood wrote to the Board of Trade soliciting its support. The Board replied that "they do not see it will be for the advantage of this kingdom, that such an undertaking should be encouraged in the plantations."[31] The plans for centering the trade of Virginia in a few established port towns failed because of the same kind of opposition. The English merchants having urged the creating of such towns for reasons connected with the efficiency of the tobacco trade, the colonial governors had been instructed to get acts passed that would give effect to this plan. But the measures adopted did not conform entirely to the British view. They were accordingly disallowed because they aimed to encourage "by great privileges," the settling of the inhabitants in townships. This would turn their thoughts to manufacturing woolen goods and other articles, "and take them off from the planting of tobacco, which would be of very ill consequence, not only in respect to the exports of our woolen and other goods, and consequently to the dependence this colony ought to have on this kingdom, but likewise in respect to the importations of tobacco both for the home and foreign consumption."[32] As to Maryland, the Board of Trade was glad to learn in 1709 that the planters were not making goods "which ought to be imported from this kingdom," and expressed its hope "that they will not need to turn their thoughts to anything but the culture of tobacco."[33]

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[27] Popple to Lowndes, February 22, 1706, C. O. 5:1120, 415.

[28] Objections of Board of Trade to several acts of Pennsylvania, 1705, C. O. 5:1291, 199.

[29] The case of the exporters of British iron manufactures, *ca.* January, 1711, C. O. 388:14, no. 9(i); Dartmouth to Board of Trade, February 5, 1711, C. O. 324:9, 450; draft clause, *Ibid.*, 451.

[30] Board of Trade to Governor Nott, March 1, 1706, C. O. 5:1362, 7.

The menace of manufacturing in the southern colonies did not become serious because the planters there had native products with which to purchase English goods. But the New Englanders were not so fortunate.[34] Their lack of staples suitable for Eng-

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[31] Spotswood to Board of Trade, October 24, December 15, 1710, C. O. 5:1316, nos. 54, 64; Popple to Spotswood, June 29, 1711, C. O. 5:1363, 325.

[32] Memorial of London merchants trading to Virginia, *ca.* April, 1704, C. O. 5:1314, no. 45(ii); additional instructions to Seymour, May 3, 1705, C. O. 5:726, 309-10; Board of Trade to the Queen, November 30, 1709, C. O. 5:1362, 440; Orders in Council, December 15, 1709, C. O. 5:1316, no. 42, C. O. 5:727, 161-2.

[33] Board of Trade to Seymour, January 12, 1709, C. O. 5:727, 112.

[34] The deficiency of returns from New England is revealed by the following statistics from the British customs records.

Period	Average Yearly Purchases from England	Average Yearly Returns to England
1698-1702	£ 92,200	£33,400
1702-1706	62,750	26,750
1706-1712	121,000	33,000

Thus during the war occurred at first a falling off of imports, but this was soon followed by a substantial increase. With respect to returns, however, the war period shows an actual decrease. And these statistics tell only the story of goods exported directly, without taking into account money shipments, credit transactions, and the exports secured by the New Englanders through indirect trade. These were likewise affected by the war. Shortly after its outbreak, William Partridge, the New Hampshire merchant, maintained that the market-lish markets obliged them to engage in a varied external trade in order to obtain other means of remittance to the mother country. It was this widespread traffic that provoked the hostility of English merchants toward the northern colonies. According to the tenets of mercantilism, the trade of the Empire ought to center in the parent state. The colonies should produce what England did not, and exchange it directly for English goods. All products should be carried in English ships; thereby English shipowners earned the freights and kept the nation's seamen employed. Moreover, the commercial exchanges should be made by English merchants. The profit they secured inclined the balance of the colonial trade in England's favor. If they controlled the marketing of American produce, they could reexport to Europe the surplus which England herself did not consume. The converting of English manufactures into colonial products that could be disposed of in Europe was thus equivalent to selling English goods in foreign lands.

Now New England in the seventeenth century had not realized this ideal. Boston became a distributing center for European commodities, and its traders competed with English merchants in marketing such products up and down the American coast. In doing this, the New Englanders secured a part of their returns for their purchases in Europe. But such activity was not pleasing from the English point of view. The profits of marketing European products escaped from English merchants to outsiders. And moreover the extensive operations of the New England traders gave them the knowledge, the contacts, and the means for carrying on an illegal trade with Europe that ignored England altogether.[35]

If the New England colonies were to be kept from manufacturing, if they were to buy English goods, if their carrying trade was to be diminished, they had to have sufficient resources from which to pay for English imports. Without adequate returns the

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ing of New England fish in Spain had suffered as a result of hostilities. At the same time the West India trade fell into such straits that the Boston merchants threatened to withdraw from it unless England offered protection against the French. Robert Quary wrote in 1708: "Boston hath been a place of great trade, but the war hath extremely impoverished them, so that the trade is now one third of what it was." C. O. 390:5; Partridge to Board of Trade, July 17, 1704, C. O. 5:863, no. 108; Board of Trade to House of Commons, November 19, 1707, C. O. 389:19, 224; Quary to Board of Trade, January 10, 1708, C. O. 323:6, no. 62.

[35] This is the point of view expressed by Edward Randolph in enforcing the Navigation Acts in the colonies.

New Englanders would have to start new industries of their own. In a short time they would be selling their wares throughout the whole colonial area. The American demand for English merchandise would contract, English shipping would decline, and the marketing of American produce would pass into the hands of the New England merchants who supplied the planters with manufactured goods.

Accordingly it was urgent that the northern colonies produce some staple which would provide them with returns, wean them from competing manufactures, and lessen their dependence on the carrying trade. England's policy therefore did not terminate in restraints imposed upon the commerce and industries of those provinces. As in the case of Ireland, where the Crown tried to promote linen production in order to replace the forbidden woolen manufacture, so for America there was a positive policy—the fostering of a new enterprise that would, by affording the northern colonies a means of purchasing English goods, prevent their competing with the artisans and workshops of the mother country.

By far the most important project with which England experimented was that for producing colonial naval stores—a scheme that held the eye of officials continually between 1690 and 1720. The first noteworthy plan came from a group of merchants headed by Sir Matthew Dudley. These promoters sought a charter of incorporation for certain activities in New England. At first they intended to produce only copper, iron, and lead. But they also saw possibilities of producing naval stores in New England and later they concentrated on them alone.[36] The Dudley group, it is important to note, confined its interest to the northern and middle colonies. The economic ideas underlying their scheme appear at several points. First of all, they intended to operate in a region that was deficient in returns, and to produce only new commodities that could be marketed in England in exchange for British manufactures. One of the leaders—Jahleel Brenton—admitted that England could buy certain naval stores more cheaply in northern Europe than from the colonies. But colonial stores offered the advantage of enabling the colonies to purchase more manufactured goods from England. If such colonial products were not developed, New England would have to rely on homespun. Brenton believed that in the time the colonists would spend making the cloth worth thirty shillings they might produce naval stores that would yield four or five pounds.[37]

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[36] First petition for charter, March 1687, C. O. 5:857, no. 6(ii); petition of April, 1693, C. O. 5:906, 26.

Another spokesman of the Dudley group, Colonel Charles Lidget, explained the ideas underlying the company's plans. The importation of goods into the New England colonies "being greater than they from amongst themselves can produce returns for, hath for some years past very much abated their consumption of English manufactures, and put them upon the necessity of running into the practice of the several manufactures of England, in which they have already so far proceeded, that most of the country people are supplied with the produce of their own land. For if the course of trade cannot take off the husbandman's product, in the common road of husbandry, he must turn his hand to a supply within himself of those necessities that he cannot live without. If encouragement were given for the producing and bringing into England such naval stores, opening and working the copper, and other mines, it would produce a constant staple return hither, employ the people of the country in those affairs, and divert them from interfering with England in its proper manufactures. But unless some such way be found, they must of necessity pursue what they have already so far begun, and rush into any foreign trade, which hath been too much practiced for England's interest."[38]

The Dudley company ran into one obstacle it could not surmount. If the plan of producing naval stores meant that they were to be paid for with English goods, the company was bound to import general merchandise into New England. This prospect alarmed most of the New England merchants and the English merchants concerned in those colonies. For obviously the company—with a large capital—might be able to engross most of the ordinary trade. This criticism forced the company to reply on one occasion that the New England trade had come under the control of a few merchants who had so raised the price of English goods that the colonists had been compelled to turn from farming to manufacturing.[39]

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[37] Proposal of Brenton submitted in July, 1696, C. O. 5:859, no. 16.

[38] Charles Lidget, "Some Considerations for Advancing the Trade of New England," August 28, 1696, C. O. 5:859, no. 21. Report of Inspector-General of the Customs on woolen exports to the colonies, November 21, 1715, C. O. 390:2, 6-9.

In the end the Dudley group did not get a charter. However, its petitions and proposals, extending over some fifteen years, kept the whole subject alive and brought many similar projects to light.

As a part of the opposition to the Dudley petitioners, the agents of New England—Sir Henry Ashurst and Sir Stephen Evance—presented a counter proposal in 1694. They were accordingly directed to send over within a year a shipload of New England naval stores. They procured only one shipment, for the samples they delivered did not find favor with the naval officials. Ashurst and Evance were not interested primarily in producing naval stores; they desired only to prevent the incorporation of the Dudley company. Their action merely reflects the solicitude of the Lords of Trade for introducing new staples among the exports of the New England towns.[40]

When the Board of Trade was created in 1696 it was instructed to determine what naval stores might be obtained from the plantations. The Board revealed its attitude at once when it advised that special commissioners should make a survey of the forests of New England. The principal member of this commission—John Bridger—spent more than five years in Rhode Island, Massachusetts, and New Hampshire. He collected samples of the various products—particularly in New Hampshire; and in Massachusetts he canvassed the possibilities of raising hemp. Bridger's activities did not extend beyond New England. He declared emphatically that under the proper conditions the country could produce all the needed commodities. The success of his survey appeared, he said, "from the readiness of so many eminent merchants who offer to engage the furnishing Her Majesty with naval stores from thence who have chiefly been induced thereto by my relation of the capacity of those parts." Unquestionably Bridger's work stimulated interest at Whitehall in the quest for naval stores in the forests of New England.[41]

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[39] Petition to Board of Trade of merchants trading to New England, *ca.* January, 1703, C. O. 5:862, no. 149; memorial of subscribers to Board of Trade, July, 1697, *Cal. St. Pap. A. & W. I.*, 1696-7, p. 539.

[40] Lords of Trade to Privy Council, March 26, 1694, C. O. 5:906, 58-9; Privy Council to governor of Massachusetts, April 5, 1694, *Ibid.*, 61; E. Lord, *Industrial Experiments in the British Colonies of North America* (Baltimore, 1698), 7.

A new champion of colonial supplies now appeared in Lord Bellomont, who devoted much of his time and effort to investigations at New York. He came to believe that all the naval stores England needed except flax and hemp could be obtained readily in the colonies. He engaged his own fortune in producing masts in New York and sent over a shipload of timber to be tested by the Admiralty. His optimistic letters focused attention on New York, for they always conveyed the impression that colonial naval stores would come forth in response to a little effort. Of the economic factors behind his proposals Bellomont wrote in 1700: "To my certain knowledge the people of Boston government and those here [New York] are very uneasy for want of returns to England. Their imports of English goods do so far overbalance their exports of the commodities of these countries, that it makes 'em almost desperate. Last May's session at Boston somebody had laid a paper on the Council table without any name to it, wherein 'twas desired that the Assembly would take notice of the decrease of trade, and think of ways to quicken and revive the trade of that province. Some gentlemen of the Council upon reading that paper were very warm, and expressed great discontent at the Acts of Trade and Navigation that restrained 'em from an open trade to all parts of the world. They alleged they . . . had a right to all the privileges that the people of England had; that the London merchants had procured those restraining laws . . . on purpose to make the people of the plantations go to market to them. . . . A trade from these countries to England for ship timber and such things as I have before proposed, would remove all manner of dissatisfaction and clamor from these people effectually, and make 'em easy and happy."[42]

In the year 1700 Bellomont, Sir Francis Nicholson, and William Penn met in a governor's conference at New York. The recommendations they adopted called attention to the scarcity of coin in the colonies and to the inadequacy of returns. In order to correct these deficiencies, some stimulus should be provided to facilitate the exporting of timber from America to England.[43] So numerous became the appeals on behalf of colonial naval stores that the Board of Trade conferred with several merchants as to the ways and means of producing them. It learned that the plantations had the necessary resources: that pitch and tar might be obtained from all the continental colonies, but "with the greatest convenience and in the greatest plenty from New England."[44]

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[41] Board of Trade to House of Lords, February 16, 1702, C. O. 389:17, 306; Bridger to Board of Trade, March 30, 1704, C. O. 5:863, no. 87.

[42] Bellomont to Board of Trade, June 22, November 28, 1700, C. O. 5:931, no. 3, C. O. 5:1045, no. 18; New York Council to ...., March 5, 1701, C. O. 5:1046, no. 5.

From these early interviews one thing became clear—that introducing naval stores into the economy of the northern colonies required money, and that the New England merchants were unwilling to act without advance assurance of a contract from the Admiralty for supplying prescribed quantities, over a definite period, and at fixed prices. Thus the road to colonial naval stores ran through the government departments. In 1704, four petitions for government favors were pending: one from the Dudley group, and one from Bridger—both for utilizing New England—, one from Virginia, and one pertaining to Carolina from Thomas Byfield and his associates. But these did not satisfy, and the Board of Trade sought to induce William Partridge, then in London, to initiate the work. After hearing Partridge, the Board advised he should be selected "to give a beginning to this trade from the colonies."

Partridge's favored position at this time makes his views of naval stores worth considering. He pointed out that, without resorting to an artificial stimulus, England would never import pitch, tar, and resin from the colonies in amounts comparable to tobacco and sugar. Northern Europe, which consumed such a large part of these plantation products, had its own naval stores, and more cheaply than they could be supplied from the colonies. However, it was desirable that England buy these commodities in America. The northern colonies were virtually without returns.. There had been three ways of making returns: by gold and silver, by the sale of fish in Spain, and by furs. But the colonies had lost practically all their coin and bullion; the fish trade with Spain had been broken up by the war; and the fur trade had suffered likewise. If the New England colonies produced naval stores they need not manufacture their own cloth, for such stores would be paid for with English goods. But a bounty was necessary—both necessary and justifiable. Had not Parliament, asked Partridge, "better raise one million of money per annum to be laid out in this kingdom in cloths, serges, thread, buttons, etc., to purchase naval stores withal within Her Majesty's government, . . . than to raise six hundred thousand pounds silver and gold to purchase those stores of foreigners and have it carried out of the kingdom."[45]

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[43] Penn's proposals to Bellomont and Nicholson, 1700, C. O. 5:1045, no. 1(xxxii).

[44] Board of Trade to House of Lords, February 16, 1702, C. O. 389:17, 307; Hedges to Board of Trade, October 30, 1703, Board of Trade to Hedges, November 12, 1703, *Cal. St. Pap. A. & W. I.*, 1703, pp. 783, 810. The merchants approached at this time were David Waterhouse, Stephen Mason, Richard Haynes, and Nicholas Oursel. Bridger also submitted a plan. *Ibid.*, pp. 800, 801, 805, 807.

The scheme of supplying the navy by a private American contractor gave way before the arrangement of the naval stores act of 1705, which granted bounties on colonial products to any importer. Three things about this act deserve notice. In the first place, it made provision for the preservation of the most useful type of trees, but this restriction extended only to New England, New York, and New Jersey. In the second place, the act placed pitch, tar, resin, turpentine, hemp, yards, masts and bowsprits on the enumerated article list—thus seeking to develop in the north the same sort of commodities by which the southern colonies had paid for English goods. Finally, the act itself stated the purpose involved: the producing of colonial naval stores would "tend not only to the further employment and increase of English shipping and seamen but also to the enlarging in a great measure the trade and vent of the woolen [and other] manufactures . . . of this kingdom and of other of Her Majesty's dominions in exchange for such naval stores which are now purchased from foreign countries with money or bullion. And for enabling Her Majesty's subjects in the said colonies . . . to continue to make due and sufficient returns in the course of their trade."[46]

Since this act was the work of the Board of Trade, the Board's comment on it is illuminating. The circular letter sent with the act to the governors explained that not only did it give encouragement to English shipping but also that "a further intercourse . . . is proposed for the enabling Her Majesty's subjects in those parts to make returns for the manufactures of England which they stand in need of." In 1706 the Board reported against a fantastic scheme for compelling the colonists to buy English linsey-woolsey for clothing 200,000 slaves, observing that "the woolen goods of all sorts from England will be at present in great demand in several parts of the continent, inasmuch as those people have been induced by proper encouragements to desist from carrying on and working that manufacture in America, and in lieu thereof have applied themselves to the produce of pitch, tar, and other naval stores, of which considerable quantities are now arrived."[47]

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[45] Board of Trade to House of Lords, November 27, 1704, C. O. 389:18, 266; Partridge to Board of Trade, June, July 17, 1704, C. O. 5:863, nos. 102, 108.

[46] 3 & 4 Anne, c. 9.

After the act had been passed the Board of Trade suggested that Bridger should have charge of its enforcement. The merchants trading to New England at the same time petitioned that some person be sent to the northern colonies to instruct the inhabitants in the secrets of producing naval stores. This petition manifests a deep concern among the merchants in the success of the enterprise. Although the people of New England were ignorant of the methods of making tar and curing hemp, the merchants believed they would soon learn and become able "to furnish this kingdom with much greater quantities than have yet ever been imported into the nation from any other place." In response to this plea, Bridger was given a two-fold task—to survey the woods and to instruct the colonists as the merchants desired. In his commission Bridger received orders to operate only in New England and the colonies adjacent.[48]

What were Bridger's views of his task? Before he went to the colonies, he presented an interesting paper to the Board of Trade. He had just discovered, with alarm, that there were 155 dozen wool cards entered for exportation to New England. "I have observed," he wrote, "that there is not the quantity of woolens exported as usual which must proceed from this trade of making their own cloth in New England and no other plantation." He appealed to the Board, "whose prudent and daily care, great wisdom and constant studies for the public good would in some measure check this growing trade in New England." The Board took Bridger's suggestion seriously enough to inquire whether the exporting of wool cards were lawful. In performing his duties Bridger devoted practically all his attention to the region between Boston and the Piscataqua. He wrote time after time deploring the economic trend in New England toward the woolen manufacture, appealing for support of the naval stores programme as the only salvation of England's trade with the northern colonies. With the colonists he argued that by producing naval stores a settler could secure two coats in the time required to make one of his own spinning and weaving.[49] Bridger's first efforts created optimism at home. The Board of Trade understood late in 1706 "that since the inhabitants of New England have applied themselves to the produce of naval stores, the woolen manufacture, which was erected there, is greatly interrupted, and will in all probability be wholly left off."[50]

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[47] Draft of circular letter, April 3, 1705, C. O. 324:9, 88-9; Board of Trade to the Queen, June 10, 1706, *Ibid.*, 132-3.

[48] Board of Trade to Harley, April 3, 1705, C. O. 324:9, 90-1; petition to the Queen of merchants trading to New England, *ca.* November, 1705, C. O. 5:863, no. 147; Hedges to Board of Trade, December 4, 1705, *Ibid.*, no. 148; Bridger's commission, February, 1706, C. O. 5:864, no. 66.

In New England Governor Dudley assisted Bridger and shared his anxiety about colonial trade. Dudley, too, observed the rapid extension of the woolen manufacturing within his colony. To his way of thinking the New Englanders were perfectly willing to wear English cloth if they could get it, but as the price of it was unduly high they had been forced to use their own wool. Their labor would soon build up a trade that would make them wholly independent of English supplies. The explanation of this danger was simply the lack of returns. New England had returns for only about one fourth of its purchases from England. And moreover these returns passed through such a few hands that many if not most of the inhabitants received no benefit from them. Dudley had faith in naval stores as a remedy. In addition, he insisted that England should build naval vessels in New England and also import colonial lumber. Enough naval stores might be produced to make up the deficiency of returns, and eventually such forest products would become the staple articles of New England commerce.[51]

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[49] Bridger to Board of Trade, March 5, October 18, 1706, March 13, 1708, March 27, 1709, February, 1710, C. O. 5:864, nos. 53, 75, 224, C. O. 5:865, nos. 28, 42; Attorney-General to Board of Trade, July 9, 1706, *Ibid.*, no. 67(i).

[50] Board of Trade to Lord High Treasurer, December 20, 1706, C. O. 5:912, 223-7.

[51] Dudley to Board of Trade, October 10, 1704, November 1, 1705, October 2, 1706, January 1, 1707, March 1, 1709, November 15, 1710, C. O. 5:863, nos. 118, 149, C. O. 5:864, nos. 114, 187, C. O. 5:865, nos. 22, 55.

These opinions form a recurring theme in utterances from New England. The merchants of Boston asserted that naval stores "are only raised by the consumption of the woolen, as well as all the other manufactures of Great Britain." "The import of the provinces is so vastly different from the export, that if some method is not taken to assist them . . . instead of their becoming a flourishing country they will fall into decay"—thus wrote Governor Shute in 1711. The essay of Captain Banister on New England commerce goes over the whole situation. The colonies were to be kept dependent by a proper balancing of their trade with Britain. If the balance were against them, they would have to manufacture for themselves; were it in their favor they would be happy in their dependence on Britain. Banister considered the possibility that the colonies might break away from the mother country, concluding that religious differences would prevent their uniting and thus counteract economic tendencies toward separation. Naval stores offered the means of balancing colonial trade. If they were neglected, the very hands that might produce them would turn to manufacturing. And if any one objected that the damage predicted was only imaginary, "it may be answered, that we have a very considerable manufacture, begun about nine years ago when English goods sold at 200 per cent from the merchant. The shop added 25 more for their profit, which great advance arose from the badness and uncertainty of returns. . . . The merchant could not sell cheaper, and the husbandman . . . could not give so dear; this put them upon making buttons, stuffs, kersies, linsey-woolsey, shalloones, and flannels with some others, which has decreased the importation of these provinces above fifty thousand per annum."[52]

While Bridger was busy with New England, two influential men were presenting the claims of New York. One of these—Lord Cornbury, the governor—wrote frequently in the strain that Lord Bellomont had made familiar. With a little encouragement the colonies would take readily to producing naval stores and to raising flax and hemp. "If part of their lands were employed to those uses, their corn would fetch a better price." The lack of returns had stimulated the manufacture of cloth, especially in Connecticut and Long Island, where the people were already making a highgrade product. When they were able to clothe themselves without relying on the British imports, their economic independence would be achieved and they would then soon reject the authority of the mother country altogether.[53]

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[52] Proposal of principal merchants of Boston, 1710, C. O. 5:865, no. 36(i); Shute to Board of Trade, November 9, 1711, C. O. 5:866, no. 137; Captain Banister, Essay on the Trade of New England, 1715, C. O. 5:866, no. 67.

The other principal advocate of New York naval stores was a prominent merchant, Caleb Heathcote. His many proposals show that he had carried his investigations down to the smallest points. He wrote that he aimed "to have diverted the Americans from going on with their linen and woolen manufactures and to have turned their thoughts on such things as might be beneficial to Great Britain." Already the settlers were making three fourths of their linen and woolen cloth—especially of the coarser grades—and were threatening to go farther to the great prejudice of English trade.[54]

The most considerable effort made by England in behalf of colonial naval stores centered in New York. In January, 1710, a company of three thousand Palatine refugees were sent out from England to that province in order to establish the new industry. Parliament voted £10,000 for their support, and they were placed in charge of Governor Hunter. For two years after their arrival, Hunter waged a war against various odds, and then was forced to admit defeat and abandon the cause.

New York seemed an ideal place for this experiment for one reason, in particular. The Palatines might take to manufacturing woolen cloth and other goods peculiar to England, but as New York was a royal colony, they would be discouraged from any "such mischievous practice" more easily than under a less dependent government. The Palatines were to receive land grants in return for their labor, but only on condition that they would not engage in the woolen industry. Just at the time the Palatines were sailing for New York, the Board of Trade wrote: "If sufficient encouragements be given to the manufactures of naval stores, particularly of tar, the same will have a further good effect in drawing off your Majesty's subjects inhabiting in the plantations from the woolen, linen and other manufactures (wherein they have already made too great a progress) and the employing them wholly in that of naval stores, whereby the tar trade may become the general trade of the northern colonies in America and a constant stock always ready, that ships may be loaded with little loss of time." When the work at New York was under way, one of the agents of the Palatines thought that naval stores would soon make the colony's returns greatly exceed its imports, whereby the port of New York would become "the emporium of the continent in America." Governor Hunter, who actually directed the undertaking, expressed his views on the economic needs of New York in 1715. He complained of two things: the decline of the colony's coin bringing trade with Spanish America, and the growing use of homespun. In his opinion colonial naval stores would repair the loss of the Spanish trade and discourage the colonists from making cloth.[55]

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[53] Cornbury to Hedges, July 15, 1705, C. O. 5:1084, no. 28.

[54] Heathcote to Board of Trade, August 3, 1708, C. O. 5:1049, no. 98.

After the war the Board of Trade continued to assert its former views. The surveyor of the King's woods in New England ought to understand the making of tar and turpentine "that he may be able to instruct the inhabitants, so as to make that commodity . . . the staple of that province." Population was increasing rapidly in the northern colonies, and it was imperative that the people "particularly of New England and New York" should be diverted from the woolen manufacture. The only "solid way of preventing the total decay of trade there, and consequently the ruin of these colonies (of so great importance to this kingdom) is by setting on foot and carrying on vigorously the production of naval stores in those parts."[56]

A report of the Board of Trade in 1717 states four reasons why England should develop these colonial products—first, to produce returns for the northern colonies, second, to check the exportation of England's coin in payment for foreign supplies, third, to encourage British shipping, and fourth, to prevent "the northern crowns from monopolizing naval stores and freeing this kingdom from a dependence on them for those commodities, which renders our necessary supplies very precarious, and is attended with great expense in time of war."[57] This last statement summarizes a view that is frequently advanced to explain the colonial experiment. In the early years of the eighteenth century it was charged that England suffered from its dependence on foreign products. Sweden had granted a monopoly of its tar trade to the Stockholm Tar Company, and the Company was charging uncommonly high prices and enforcing certain rules detrimental to English shipping. These annoyances and the uncertainty of supply resulting from the war compelled England to seek its naval stores through channels that the Government could always control.[58]

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[55] Board of Trade to Lord High Treasurer, August 30, 1709, C. O. 137:8, no. 54; draft of covenant for Palatines, December 21, 1709, C. O. 5:1049, no. 44(i); Board of Trade to the Queen, February 14, 1709, C. O. 389:21, 69-70; J. du Pré to Vernon, October 4, 1710, C. O. 5:1050, no. 3; Hunter to Board of Trade, November 12, 1715, C. O. 5:1051, no. 19.

[56] Board of Trade to Stanhope, August 3, 1715, C. O. 5:752, no. 11; Board of Trade to the Queen, March 24, 1716, C. O. 389:25, 416; Board of Trade to Stanhope, March 15, 1716, C. O. 5:1153, 426.

This argument raises one important question. Was England, by her naval stores policy, seeking to free herself of dependence on northern Europe, or to provide the means by which the northern colonies could pay for English goods?

Fortunately, there are several points from which this question may be approached. In the first place, it may be noted that all the English complaints about foreign manipulation of the supply, price, and shipping of naval stores relate solely to pitch and tar. England obtained neither resin nor turpentine from Sweden, and hemp and ship timber in only very small amounts. These products came from Russia, Germany, Holland, Denmark, Norway, and the East Country. No charges were made that the trade in these four necessary commodities was either endangered by war, or regulated so as to menace England's supply and force prices above their ordinary levels. Yet all these products went onto the bounty list as drawn up in the act of 1705. And in the experiments made in the northern colonies, hemp, resin, turpentine and ship timber received nearly as much attention as pitch and tar.[59]

The attitude of the naval officials toward foreign and colonial supplies must also be considered. The tests made by naval experts of the stores sent from the colonies by Ashurst and Evance, by Bridger, and by Bellomont were said to reveal in each case that the products were either of indifferent quality or inferior to those of northern Europe. The Navy Board became decidedly hostile to Bridger and recommended that he be recalled from his first colonial mission before his work was well started. Lord Bellomont insinuated that the naval officials, instead of being aware of any danger from depending on foreign supplies, were actually in league with the Eastland merchants whose well-being hinged on the continuation of the established trade. Of the practice of the navy the Board of Trade wrote that the "said Commissioners are obliged by their instructions to purchase wherever they find pitch and tar cheapest, without inquiring from what country such stores are brought, and upon that account they have commonly preferred the pitch and tar of Sweden to that of America." The very first year after the bounty act of 1705 the Navy Board greeted the supplies of pitch, tar, resin, and turpentine sent from New England with the notice that the navy was "so stocked with those commodities as to have no present occasion for them."[60]

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[57] Report of March 28, 1717, C. O. 390:12, 35-36.

[58] This the view set forth in Lord, 56-9; also in Osgood, *Eighteenth Century*, I, 495-6, and in Weeden, I, 362-3.

[59] An account of naval stores imported into England, 1700-15, C. O. 390:12, 103-8. An account of hemp, resin, pitch, and tar imported into England, 1701-3, in report of Inspector-General of the Customs, December 23, 1704, C. O. 389:18, 330-1.

Bridger, on his return to America, found nothing but obstruction from the naval officials. At the outset he requested that the first naval stores sent from the colonies be given the bounty, even though they were not so good as the Eastland products. If the premium were refused, the New Englanders would be discouraged and the project would fail. The Navy Board answered curtly that the bounty act required that the colonial stores should be good and merchantable; otherwise the premium could not be paid. The Board of Trade, on the other hand, asked that the first colonial products be not scrutinized too closely. Referring to Bridger's view of the relation between naval stores and the woolen trade, the Navy Board said: "as for his calculation of the value of English manufactures exported to Boston, it being a matter foreign to our business, and having occasion given us by . . . his letter to show his unskilfulness in his calculations relating to the navy, we shall not presume to say anything to it."[61]

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[60] For reports on the Ashurst-Evance supplies, June 3, 1696, see *Cal. St. Pap. A. & W. I.*, 1696-7, p. 10; on Bridger's samples, January 13, 1700, *Idem*, 1700, p. 66; on Bellomont's ship timber, C. O. 5:910, 459-62. Bellomont to Board of Trade, October 17, 1700, *Cal. St. Pap. A. & W. I.*, 1700, p. 579; Board of Trade to Lord High Treasurer, C. O. 5:912, 223-7; Navy Board to Board of Trade, December 10, 1706, C. O. 5:864, no. 82.

[61] Bridger to Lord High Treasurer, October 18, 1706, C. O. 5:864, no. 75; Navy Board to Board of Trade, December 10, 1706, *Ibid.*, no. 82; Board of Trade to Lord High Treasurer, December 20, 1706, C. O. 5:912; 223-7.

Bridger next accused the Navy Board of opposing the colonial scheme through delayed payment of the bounty. The colonial stores were examined by the customs officials and the bounty was paid by the navy. But the Navy Board gave its bills instead of cash, and then failed to meet the bills when due. These bills did not bear interest, though ordinarily the bills of the Navy Board yielded 6 per cent after six months. Therefore, the bills for colonial naval stores depreciated to 25 per cent or 45 per cent of their face values. To this loss was commonly attributed the failure of the bounty plan in New England.[62]

To eliminate the uncertainties of the premium Bridger frequently proposed that he be commissioned to buy outright on behalf of the navy the stores produced in New England. The Navy Board rejected the suggestion abruptly, saying that it preferred to buy in the open market, and to get the best stores for the least money, regardless of whence they came. And "were it for the service of the navy to go to market by commission for such goods, this gentleman has not recommended himself to such a trust by his behavior in his former employment."[63]

From time to time the Navy Board protested against the experiments in the colonies. The plantation goods did not prove so good as those obtained from northern Europe. The navy should not have to pay the bounties, since it was not the beneficiary of the policy. When the Board of Trade asked for convoys to bring the tar ships from the colonies, the naval officials could not "conceive that the advantages which may arise from that trade will balance the charge of such convoys." Summarizing the situation in 1717 the Navy Board said that the colonies had as yet produced no hemp, the product most needed; that their tar was unsuited for making cordage, its principal use; that though they produced much pitch and turpentine, the navy used no turpentine and only very little pitch.[64]

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[62] Bridger to Board of Trade, March 13, 1708, C. O. 5:864, no. 224; Board of Trade to the Queen, February 14, 1710, C. O. 389:21, 70; memorial of principal merchants of Boston and Portsmouth, 1710, C. O. 5:865, no. 36(i); Banister's Essay, C. O. 5:866, no. 67; report of Board of Trade on naval stores, March 28, 1717, C. O. 390:12, 97.

[63] Bridger's letters of October 18, 1706, February, 1710; Navy Board to Board of Trade, December 10, 1706, C. O. 5:864, no. 82.

[64] Navy Board to Burchet, January 29, 1710, C. O. 388:12, no. 76; Board of Trade to the Queen, February 14, 1710, C. O. 389:21, 64; Lords of Admiralty to Boyle, March 24, 1710, Board of Trade to Boyle, March 30, 1710, *Ibid.*, 101; Burchet to Popple, January 12, 1711, C. O. 5:865, no. 58; Navy Board to Burchet, February 1, 1717, C. O. 5:866, no. 12(i).

The consistent hostility of the naval officials must be taken into account in determining the factors behind the colonial policy. For if England's supplies had been seriously menaced it is difficult to imagine that the Navy Board would have maintained such an unrelenting opposition to the American scheme. It is true that the difficulties of the Swedish tar trade contributed an added incentive to colonial production. But considering the thirty years after 1685 as a whole, it appears that the dominant interest in American naval stores centered in the balance of trade of the northern colonies.

This is made clear from another source—the attitude in England toward naval stores in the southern provinces. In 1699 Edward Randolph described South Carolina as by far the best place in English America for producing naval stores. Bellomont wrote to the same effect. Because tar was one of the principal products concerned, it is interesting to note its place in the exports from the colonies to England. Thus in the years between 1700 and 1704, Carolina sent 1,271 barrels of pitch and tar to England as against sixty-seven from New England and none from New York. Moreover, there were certain promoters—the Byfield group, or the Pennsylvania Company—who were eager to produce Carolina tar for the navy. Yet it is clear that Bridger did not regard Carolina as included within the area where he was to instruct the inhabitants in making naval stores. In fact, he complained that his New England enterprise was impeded because pitch and tar could be procured by New Englanders more cheaply in South Carolina and sent from Boston to England. He therefore asked that no premiums be given unless these commodities were shipped to England directly from the place of their production. The Board of Trade gave a sympathetic ear to Bridger's complaint, and wrote to the New England agent asking why the New Englanders made so little tar themselves and why they relied on the Carolina trade.[65]

Had the main concern of the naval stores policy been the supplying of the needed products on the best terms, the superior inducements of South Carolina would assuredly have focused British enterprise on that colony. However, there were other considerations touching the trade between England and Carolina. In eighteen years 1698-1717, England exported to New England goods worth £1,890,000, to New York goods worth £613,000, whereas the exports to Carolina had a value of only £288,000. In these eighteen years the paper balance of trade was against New York and New England every single year. In the case of the Carolinas, however, in fifteen of the eighteen years the two colonies sent more to England than they bought. They therefore were not confronted with an acute problem of returns.[66]

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[65] Reports on naval stores imported from the colonies, 1700-6 in Board of Trade to House of Lords, November 27, 1707, C. O. 389:19, 52; Randolph to Board of Trade, March 16, 1699, C. O. 5:1258, no. 22; Bellomont to Board of Trade, June 22, 1700, C. O. 5:931, no. 3; Lord, 30-36; Bridger to Board of Trade, February 14, 1717, C. O. 5:866, no. 105.

In a general way the position of Carolina paralleled that of Virginia and Maryland. In the four years after 1700, these two colonies sent four hundred and fifty-four barrels of pitch and tar to England while New England was sending its sixty-seven barrels. At various times official accounts were dispatched to Whitehall depicting the favorable conditions of production in this region. And promoters were not lacking, for the Maryland Assembly was ready to act in 1695 and again after the bounty went into effect. In Virginia near the close of the war both Spotswood and Byrd urged that tobacco growing be supplemented by naval stores. But the Board of Trade ignored these appeals. When the bounty act was sent to Virginia and Maryland, the governors received orders that "they take care not to suffer the people employed in the making of tobacco to be diverted therefrom by this or any other undertaking." To Governor Seymour the Board of Trade wrote in 1707 that naval stores were "not fitting to be encouraged in those places which are proper for the production of tobacco." And because Maryland had asked for instruction in the arts of producing pitch and tar, the Board notified Seymour that Bridger was then in New England, "from whence he will write such directions in that matter, as he is able to give, if you require the same from him." The later reports of the Board betray the same lack of interest in Virginia and Maryland as sources of supplies for the navy. Those colonies could find returns in other ways.[67]

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[66] C. O. 390:5.

[67] Lords of Trade on Maryland address re naval stores, November 25, 1695, C. O. 5:724, 206-7; Maryland act encouraging hemp and flax, April 19, 1706, C. O. 5:729, 55-6; Spotswood to Board of Trade, March 20, 1711, C. O. 5:1316, no. 65; Byrd to Lord High Treasurer, 1710, *Ibid.*, no. 54(vi); circular letter to colonial governors, April 3, 1705, C. O. 324:9, 90; Board of Trade to Seymour, March 26, 1707, C. O. 5:726, 429; Board of Trade to Queen, December 5, 1709, C. O. 5:1121, 473-87; Board of Trade to Stanhope, August 3, 1715, C. O. 5:752, no. 11.

The leading spokesmen of the colonial policy often expressed the hope that New England and New York would produce naval stores in such quantities that all English shipping would be supplied, and a surplus left by which England would become the entrepôt of the general European trade. According to these views the plans for the colonies sought to develop products in the north that would do for English commerce what tobacco and sugar had already accomplished in the south. The scheme thus extended far beyond the navy and its needs.[68]

Practically all the promoters of colonial stores had another point in mind. They called attention to the fact that the balance of trade between England and the Baltic went against England because of the inadequate market there for English manufactures. England accordingly was being drained of its silver coin. But colonial products would keep English money at home, because they would be paid for with English goods. This view harmonizes with the idea of the balance of trade as applied to the northern colonies. It might be possible to secure a favorable balance of trade with the Baltic, and at the same time adjust the balance of the New England-New York trade by purchasing in those colonies the goods which formerly had come from northern Europe.[69]

The most consistent supporters of the naval stores programme were the English merchants trading to the colonies. Year in and year out they kept a close watch over American affairs. In London alone there were sixty or seventy exporters to New England. They, along with their fellow merchants concerned in the other colonies, had been instrumental in securing the annulment of the Massachusetts charter in 1684. Their appeals had also led to the establishment of the Board of Trade and to its subsequent attempt to regulate American commerce. It was at this time that they became interested in New England naval stores. Bridger was their agent; his ideas merely reflected their theory of colonial trade.

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[68] Bellomont to Board of Trade, May 25, 1700, C. O. 5:861, no. 41; Dudley to Board of Trade, January 1, 1707, C. O. 5:864, no. 187; Bridger to Board of Trade, March 13, 1708, *Ibid.*, no. 224; Hunter to Board of Trade, November 14, 1710, C. O. 5:1050, no. 7; Board of Trade to Lord High Treasurer, December 20, 1706, C. O. 5:912, 223-7; Board of Trade to the Queen, December 5, 1709, C. O. 324:9, 461-2; *Idem*, February 14, 1710, C. O. 389:21, 66; *Idem*, February 8, 1711, C. O. 324:9, 471; Board of Trade to Stanhope, August 3, 1715, C. O. 5:752, no. 11.

[69] Board of Trade to House of Commons, January 13, 1699, C. O. 389:17, 251-2. In 1702, negotiations were pending for an Anglo-Swedish treaty. The Eastland and Russia Companies petitioned against defining coin as contraband, asserting that naval stores could not be purchased except for ready money. Petition of April, 1702, *Ibid.*, 598. Sir Isaac Newton wrote in 1717 that silver bore a high value in Sweden with reference to gold "and this hath made that kingdom which formerly was content with copper money abound of late with silver sent thither (I suspect) for naval stores." Newton to Lords of the Treasury, September 21, T. 1:208, no. 43.

The New England interest at London was far more intent upon producing colonial naval stores than were the merchants of Boston. The latter naturally desired to maintain their existing trading contacts. Consequently, they contributed very little to the policy that intended to center their traffic in England and to lessen their dependence on outside markets. A great contest occurred between them and the London exporters in 1713—a contest that sheds additional light on the motivation of the naval stores programme.

At the close of Queen Anne's War, the English merchants projected a scheme for a colonial land bank with a capital of £300,000. Subscribers might receive paper money issued on the security of their lands. The credit thus created would be distributed among the correspondents of the London merchants in charge of the bank, thereby enabling the former to buy directly from the latter rather than from the independent importers of Boston. Half of the bank's profits should go into the manufacture of naval stores. Both the Board of Trade and the Commissioners of the Customs favored the design. It would provide returns, center the northern trade in England, and prevent competing manufactures in the New England area.

The Boston merchants on the other hand raised a great outcry against the projected bank. Its promoters, through the command of so much credit, might monopolize the commerce between New England and the mother country. Nor did the Boston trading interest evince any particular enthusiasm for colonial naval stores. However much England might object, the Bostonians were content with their old ways of getting returns—with their lumber industry and their trades to Newfoundland, southern Europe, and the foreign plantations in the West Indies. All the political pressure that Massachusetts could exert was brought to bear against the project. Eventually the Assembly created a land bank of its own. The profits earned were to contribute to the support of the provincial government—not to the fostering of naval stores. This episode, along with many other incidents, shows that the advocates of the new staples for New England were the English exporters to the colonies—and not the navy or other users of such commodities.[70]

The naval stores policy rested on the recognition of the value of the colonies north of Maryland. It manifests a positive and constructive attitude. It aimed to preserve the northern colonies in a non-industrial state, partly that they might supply the West Indies with food and lumber. It also aimed to give them a means of paying for English goods, to divert them from manufacturing what England could provide, to center their trade in England, and to diminish their need of buying and selling in the markets of Europe.

The immediate results of the policy were disappointing. At New York Governor Hunter kept the Palatines at work as long as he could support them by his own credit. But after two years he had to give up and allow them to disperse throughout the province, abandoning the experiment just when the first products were nearing completion.[71] In New England Bridger's efforts likewise did not bear much fruit. From year to year only slight quantities of pitch, tar, and masts were sent to England. Bridger found the obstacles to private enterprise so great that he thought the Crown should either engage in the work directly or charter a producing company. In 1717 Dummer wrote to the Board of Trade: "Whereas your Lordships were pleased to observe that New England made but little tar themselves. . . . I can only say that seeing they find their account in fetching it from Carolina to bring here, there's no doubt as the demand rises here, and Carolina has not tar enough to answer it, the people in New England will fall the more heartily into it themselves."[72]

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[70] Banister's Essay, C. O. 5:866, no. 67; petition of Messrs. Byfield, Sanford, Faneuil, and Willard to Board of Trade, received, June 30, 1715, *Ibid.*, no. 46; memorial of several inhabitants of New England, 1715, *Ibid.*, no. 44(i); petition of British merchants trading to New England, June, 1715 *Ibid.*, no. 44(ii); Dudley to Popple, October 3, 1713, *Ibid.*, no. 159; order of Massachusetts Council, August 20, 1714, *Ibid.*, no. 159 (i); instructions to Dummer, *ca.* 1714, *Ibid.*, no. 55; Banister to Board of Trade, received, July 15, 1715, *Ibid.*, no. 53; P. Dudley to governor and Council of Massachusetts, August 17, 1714, *Ibid.*, no. 159(ii); Shute to Board of Trade, received, August 4, 1714, *Ibid.*, no. 60(i); Dummer to Board of Trade, August 8, August 24, 1715, *Ibid.*, no. 55; act of December 4, 1716, C. O. 5:774, 284-5.

[71] Hunter to Board of Trade, October 31, 1712, C. O. 5:1050, no. 58.

[72] Report from London custom-house on naval stores imported, 1708-9, C. O. 388:14, no. 17; Bridger to Board of Trade, March 13, 1708, C. O. 5:864, no. 224; Dummer to Board of Trade, received, February 25, 1717, C. O. 5:866, no. 101.

The outcome of the naval stores policy discloses two things. Neither New England nor New York produced the commodities most desired. After ten years of effort the complaints of lack of returns and scarcity of coin in the northern colonies became more numerous than ever. On the other hand, the interference of the Crown in the northern woods greatly antagonized the colonial lumbermen. The colonists were unwilling to exchange their established industry of timber cutting and board making for a doubtful trade in naval stores. So difficult and perverse was the problem of England's trade with the northern provinces that the policy designed to correct its chief deficiency only brought on a new conflict with the mother country at another point.

The thinking back of the naval stores programme indicates quite clearly that the colonies were highly esteemed as markets long before the time assigned by Beer to a shift in British policy. As far as there was a general economic theory of colonization, it did not change from the beginnings of settlement to the American Revolution. In essence it was simple and consistent. The colonies should buy English goods, paying for them with products which England needed. The trade should employ English merchants and vessels, thereby providing freights, profits, and interest. These were the three pillars of colonial policy designed to support the mercantilist edifice of state security and private profit. Each pillar was necessary to the other; all were mutually supplementary; had any one of them been pulled down, the whole structure would have toppled to the ground.

Each of these three pillars supported the colonies in their infancy. Every colony was planted by the employment of English artisans, English vessels, English capital, and the services of English merchants. The supply colonies which Beer so persistently emphasizes always bought more from England than they sold. They began their careers in debt to English merchants, and year by year their indebtedness increased. During the seventeenth century they were preferred because they offered the largest opportunity for profit—because they employed the most English labor, shipping and capital—because they were the best markets as well as the best sources of supply. The Acts of Trade and Navigation intended to make permanent a dependence on English goods, vessels, and markets that had naturally arisen at the outset of settlement. As the northern colonies expanded in population they became better markets, and thus more highly regarded by English expansionists. What happened was that the northern colonies slowly came to conform to the old ideal of the colonies as markets and were accordingly more highly esteemed. England did not change her colonial policy and theory; the northern colonies gradually changed so as to conform in part to old ideals.

CHAPTER VI

THE ENGLISH CURRENCY AND A COLONIAL COINAGE

I find that money is scarce and wanting in England, as it is here.—Governor Beeston of Jamaica to William Blathwayt (1697).

Money is the measure for the valuation of houses, lands or goods, but because the stock of lands and goods in every country is a hundred times more than the stock of money, therefore the value of money must of necessity depend upon and be governed by the value of goods.—Reasons for a Mint in New England (1686).

The use of money in the English colonies disclosed practices inherited from the mother country which were modified by the American environment. The colonists did most of their financial reckoning in pounds, shillings, and pence. Yet they had practically no English coins to match the figures they used in their account books. This lack of English money was noted by nearly all observers of the colonial scene. Two related questions, therefore, arouse interest: why did England fail to provide her colonies with English money, and what was the state of her own coinage near the close of the seventeenth century?[1]

The law of the land then forbade the exportation of English coin, but it did allow the exportation, without duty, of bullion, foreign coin, and wrought silver.[2] Another act had put into effect the free coinage of both silver and gold.[3] The Mint coined the two metals at a fixed ratio but no allowance was made for changes in their market price. A pound of silver, troy, was minted into £3 2s.—a rate of 5s. 2d. an ounce A pound of gold made 44½ guineas. But the value of a guinea in shillings was not fixed by law. It was determined from time to time when the Crown set the rate at which guineas would be received in public payments.[4]

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[1] Not only was a small amount of English money sent to the colonies; the exportation of foreign coin from England to America was insignificant. Thus in the period Christmas 1698-1715 the total exports of foreign coin and bullion to the colonies were:—to Barbados, £7,974; to Jamacia, £4,534; to Antiqua and Nevis, £5,546; to Carolina, £250; to Pennsylvania, £85; to other colonies, none. Report of Inspector-General of the Customs, December 17, 1717, C. O. 390:5, no. 4. The common form of sending money to the colonies was by bills of exchange. Sir William Ashurst to Bellomont, July 2, 1700: "We had a meeting last month of the corporation, and amongst other matters ordered six hundred and fifty pounds sterling to be remitted to New England, and bills are sent to Mr. Stoughton by the ships for the same." C. O. 5:1118, 96.

[2] 5 Charles II, c. 7; Commissioners of the Customs to Lords of the Treasury, October 23, 1692, T. 1:24, no. 53.

[3] 18 & 19 Charles II, c. 5.

During the ten years before 1695 England was sorely afflicted with the ills of a debased silver currency. Two varieties of coin were in use. One consisted of hammered pieces that were irregular in size and weight; the other of milled coins that were practically uniform and designed so as to prevent mutilation. The defects of the hammered money led to the clipping of it; and the clipped pieces soon forced the superior milled coins out of active circulation.[5] Then followed the evils of a debased currency—losses to the Government, to wage earners, to people of fixed incomes—to all receivers who had to accept clipped money by tale and then to pay it away at its bullion value. After the nation had suffered long from these and other abuses, Parliament in 1696 decided on a drastic reform.[6] The recoinage act of that year called in all light money to the Mint, where it was to be melted and the bullion made into milled coins.[7] The nation paid the cost, which amounted to about £2,400,000.[8]

This recoinage presents four aspects of interest for the study of colonial money supply. Before 1695 the coin of the realm was in a state of confusion which diverted thought on the currency to affairs at home. During the year 1696 the country had scarcely any silver money even for its own use.[9] The nation went to great expense in an heroic effort to rid itself of long standing evils. Finally, the recoinage did not supply adequately the desired currency—a fact explained by the continued exportation of silver in its various forms.

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[4] Reports of Thomas Neale to the Board of Trade, October 27 and November 24, 1699, C. O. 389:16, 378, 390

[5] See Macaulay's *History of England* (Edited by C. H. Firth, London, 1922-4), 2562-6.

[6] Thorold Rogers, *The First Nine Years of the Bank of England* (Oxford, 1887), 43.

[7] 7 & 8 William III, c. 1.

[8] Cunningham, *Modern Times*, I, 438. See also A. F. Dodd, *History of Money in the British Empire and the United States* (London, 1911), 91.

[9] Commissioners of the Customs to the Treasury, February 14, 1696, T. 1:36, no. 28; Paymaster of the Navy to the Navy Board, February 21, 1696, *Ibid.*, no. 12; petition of the Mayor, etc., of Coventry to the King, December 7, 1696, T. 1:41, no. 43; John Evelyn, *Diary of John Evelyn* (London, 1879), III, 130.

In view of the lack of full records of the exportation of specie, no precise statement of the amounts sent away from England can be made. However, several explanations of the drain of silver were popular at the time. English officials frequently complained that much specie was sent to northern Europe for the purchase of naval stores. The Board of Trade in 1699 thought that the yearly unfavorable balance of trade between England and the Baltic amounted to £350,000.[10] The English customs records, however, show that only slight quantities of coin and bullion were exported directly to northern Europe.[11] But such records do not tell the whole story; and moreover naval stores were purchased with bills of exchange—a practice that tended to lessen the importation of specie.

The India trade consumed the largest share of England's stock of silver. The London goldsmiths asserted that the East India Company had originally been instrumental in removing the ban against the exportation of bullion and foreign coin.[12] Later, Sir Isaac Newton pointed out that silver in India was highly valued in relation to gold. The ratio of 12:1 there as against the ratio of 15:1 in most of Europe attracted silver instead of gold.[13] The English customs records reveal that during the years 1698-1715, the average exportation of bullion to India amounted to £398,000 a year.[14]

Coin shipments to Holland raise the question of England's war expenditure. In remitting money for its forces and allies abroad, the Government, besides utilizing the services of the Bank of England, contracted with private merchants who undertook to furnish the money in advance of payment by the Crown. These merchants then drew bills on their credits in Amsterdam, Antwerp, and Lis-

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[10] Board of Trade to House of Commons, January 13, 1699, C. O. 389:17, 251-2.

[11] Report of Inspector-General of the Customs, December 17, 1717, C. O. 390:5, no. 4, shows the following exports of foreign coin and bullion, 1698-1715:

To Denmark and Norway	£ 1,559
To the East Country	686
To Russia	47,694
To Sweden	1,870

These figures, of course, indicate only the general trend. See also Board of Trade to the Queen, June 9, 1710, C. O. 389:21, 178; and Newton to Lords of Treasury, September 21, 1717, T. 1:208, no. 43.

[12] Memorial to House of Commons, *ca.* 1690, T. 1:10, no. 22.

[13] T. 1:208, no. 43.

[14] C. O. 390:5, no. 4.

bon. They also bought bills in London drawn on the cities where remittance was to be made.[15] The amounts involved became very large for the time. In the years 1706-08 the sum of £2,562,000 was remitted to Holland and Flanders for the support of the armies.[16] The funds voted by Parliament for all uses on the continent in 1709 amounted to £3,295,000, to £3,874,000 in 1711, and to £2,845,000 in 1712.[17]

The quantity of coin shipped away to make these payments cannot be ascertained with precision. Although there are numerous references to the exportation of specie, bills of exchange supplied the common means of remittance.[18] Thus in the first half of the year 1712, £870,000 was sent to Antwerp and Amsterdam by bills, and £375,000 to Lisbon and Barcelona.[19] Despite the increase of coin shipments to Holland during the war,[20] the total amount sent was small in comparison with the outlays which Parliament provided. However, remittance by bills used up England's credits in Europe and thus had an effect similar to the exportation of coin.

The failure of England to adjust properly the intrinsic value of her coin to the market price of silver accounts also for a continual outflow of specie. At the time of year when the ships sailed for India a great demand for silver prevailed—a demand for

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[15] Sir Stephen Evance and Joseph Herne to Lords of Treasury, March 16, 1695, T. 1:32, no. 50; see 4 proposals of June, 1701, from remitting money to Europe, T. 1:74, nos. 42-6; agreement between Lords of Treasury and Messrs. Evance, Jansen, Herne and Santigni, March 20, 1702, T. 1:79, no. 39; proposal of F. Stratford, 1703, T. 1:86, no. 95; letters of Henry Furnese to Lords of Treasury, September 21, 1703, April 15, 1709, August 12, 1710, and November 15, 1710, and T. 1:87, no. 62, T. 1:113, no. 55, T. 1:123, no. 37, and T. 1:126, no. 2.

[16] State of the remittances for Holland and Flanders, T. 1:119, no. 25. The subsidies granted for continental allies in 1706 amounted to £414,000, T. 1:100, no. 70.

[17] Account of money voted by Parliament in 1709, 1711, and 1712, T. 1:119, no. 181, T. 1:140, fol. 107, T. 1:159, no. 27.

[18] Commissioners of Customs to Lords of the Treasury, October 23, 1693, T. 1:24, no. 53; deposition of Henry Wolrond, *Cal. St. Pap. A. & W. I.*, 1697-8, p. 14; Evelyn, *Diary*, III, 131; Dartmouth to Lords of Treasury, September 26, 1710, T. 1:124, no. 48.

[19] Account of money issued to Mr. Bridges out of supplies for the year 1712, T. 1:140, no. 7.

[20] The customs reports, 1698-1715, show practically no exportation of foreign coin and bullion to Flanders, Germany, Portugal and Spain. For Holland the figures are:

1696	£ 3,201	1704	£51,534	1710	£164,841
1700	3,331	1705	13,960	1711	122,480
1701	6,617	1706	25,664	1712	440,257
1702	20,410	1707	9,287	1713	66,199
1703	12,290	1708	40,278	1714	1,210
		1709	185,675	1715	11,888

C. O. 390:5, no. 4.

bullion and foreign coin, since English money could not lawfully be exported. The demand ran the price of silver up to 5s. 9d. an ounce. Yet an ounce of silver in English coin was worth by tale only 5s. 2d. Since such coin could not be exported, and since its silver content could be obtained for less than other silver in the market, dealers melted the English coins and exported the bullion.

The fact that silver brought a higher price in several European countries than at the English Mint also caused the exportation of English silver. Since both gold and silver were standard currency in England, it was possible for merchants to exchange gold coins for silver coins, and to export the silver to parts of Europe where it had a higher value. There they could sell it for gold, which was undervalued in comparison with the English standard, and send such gold to the English Mint for coinage into guineas.[21]

For more than twenty years English officials labored over the legal ratio of the two metals in hope of adjusting it to market rate. The Government responded by reducing the value of the guinea from 30s. to 22s. in 1696, to 21s. 6d. in 1699, and to 21s. in 1717.[22] The last act ended the process, but still left gold overvalued at the Mint, and the exportation of silver continued.[23] And all this happened at a time when silver was regarded as the metal best suited to form the national currency.[24]

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[21] C. O. 389:16, 379; Commissioners of the Mint to Lords of Treasury, July 7, 1702, T. 1:80, no. 105; Newton to Lords of Treasury, September 28, 1701, T. 1:76, no. 36.

[22] The change in 1696 was made by the recoinage act, 7 & 8 William III, c. 1; that of 1699 by an order of the Lords Justices, Board of Trade to House of Commons, February 16, 1702, C. O. 389:17, 352; that of 1717 by Parliament, Cunningham, *Modern Times*, I, 438.

[23] In 1695, when the guinea circulated at 30s., the ratio of gold to silver was more than 21:1, whereas the ratio in France and Holland stood about 15:1. The act of 1696, by calling down the guinea to 22s., created an English mint ratio of 16:1 as against 15:1 in Europe. From May 1 to September 12, 1698, the Mint coined £250,000 in guineas and only £72,000 in silver. In the opinion of the Board of Trade, the large gold imports from Holland lowered the rate of exchange, "the consequence of which is that we pay so much more for every thing we bring from thence, and receive so much less for every thing we send thither." Board of Trade to Lords Justices, September 22, 1698, C. O. 389:16, 129-34. When the guinea was lowered to 21s. 6d. (which established a new mint ratio of 15½:1), the Board realized that the English ratio was still higher than the ratio prevailing on the continent. However, the Board thought that the new rate would prevent the drain of English silver and check the exportation of gold, because "the charges of insurance, freight, commission, and the like, will eat up the profit." *Ibid.*, 133-4. But in this the Board was mistaken. During the years following, the Mint officials made elaborate reports contending that the right ratio had not been found. The market price of silver in England was still about 3d. an ounce more than the value of an ounce of the metal in coin. C. O. 389:16, 379; T. 1:76, no. 36; T. 1:80, no. 105; T. 1:208, no. 43. The act of 1717 established a ratio slightly more than 15:1; hence gold was still overvalued.

The many plans proposed during these years for the preservation of the silver coinage reveal a marked diversity of opinion respecting the fundamentals of the problem. Various remedies were tried and others recommended.[25] Taken together, they make it clear that England was unable to keep an adequate supply of the most desired kind of money. In the face of these conditions, how could the Crown provide the colonies with an effective currency?

The subsidiary coinage of farthings, halfpence and pence was in no better state than the coinage of silver. First of all, the Government was undecided as to the metal most appropriate for these lesser coins. Before 1684 copper had been used, but that year a change was made to tin. The new pieces circulated until 1694, when they were withdrawn in favor of copper.[26] In the second place, the proper method of issuing the smaller coins was a matter of dispute. The practice of the time wavered between intrusting this coinage to special commissioners of the Crown and farming it to private contractors.[27] Nor was there agreement as to the correct relation between the bullion content and the face value of the lesser coins. Those issued had nothing like intrinsic worth,[28] and the ensuing trouble convinced the Mint officials that nominal and bullion values should be identical.[29] Finally, the supply of the subsidiary coins was frequently insufficient for the country's needs.[30] Thus in 1714 the Mint reported that copper money to the amount of five hundred tons was current, and that an additional six hundred tons were required.[31]

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[24] The Board of Trade wrote in 1698, "it being impossible that more than one metal should be the true measure of commerce, and the world by common consent and convenience having settled that measure in silver; gold . . . is to be looked upon as a commodity. . . ." C. O. 389:16, 132-3.

[25] Sir Dudley North proposed that the charge of minting should be transferred to the owners of bullion as a deterrent to the melting of English money. *Discourses Upon Trade*, 30. From William Lowndes (*A further Essay for the Amendment of the Gold and Silver Coin* [1691], 11-) came the proposal for increasing the face value of English silver coins by 25 per cent without a corresponding change in their metal content. The Commissioners of the Customs recommended a law prohibiting the melting of English coin and requiring proofs that bullion exported had not been obtained by that process. Report to Lords of Treasury, October 6, 1690, T. 1:10; 6 & 7 William and Mary, c. 17, and 7 & 8 William III, c. 19. In 1696, 1708, and 1711 the Government granted premiums on silver brought to the Mint as a means of counteracting the higher price in the market—6d. an ounce in 1708, 2½d. an ounce in 1708, and 3d. for old plate and 6d. for new plate in 1711. 7 & 8 William III, c. 1; Dodd, 95; resolution of House of Commons, May 1, 1711, T. 1:135, no. 36. The officials at the Tower wanted to allow the exportation of English coin and to prohibit the exportation of foreign money and bullion, the expectation being that such a change would bring uncoined silver to the Mint. C. O. 389:16, 379-80 and T. 1:80, no. 105. For nearly a year Parliament banned the importation of gold and closed the Mint to the coinage of guineas. 7 & 8 William III, c. 13. John Pollexfen in his Observations on the India Trade (January 16, 1704, C. O. 389:18, 164) criticized the drain of silver to India; and the Board of Trade urged that naval stores be produced in the colonies in order to prevent the exportation of specie to the Baltic. Report to House of Commons, January 13, 1699, C. O. 389:17, 251-2.

[26] Commissioners of the Mint to Lords of Treasury, February 16, 1684, T. 1:1, no. 49; account of tin farthings and halfpence, 1684-7, T. 1:2, no. 23; patent to Messrs. Herne, Parry, Clarke, Slaney and Barton, June 27, 1694, T. 1:37, no. 69. After 1700 the Mint officials favored copper.

Not only was the coinage of both silver and copper in a state of maladjustment during this period; in addition England was just learning the secrets of a nationally controlled paper currency. Such paper as there was before 1694 consisted of bills issued by merchants and goldsmiths. The latter most nearly performed the work of later bankers. Yet their banking services were marred by many defects. They acted in a purely private capacity, and did not offer depositors adequate security—partly because they were not regulated by the Government, and partly because they were careless in lending other people's money when they envisaged profits for themselves. They demanded at times exorbitant interest—even as much as 25 per cent above the legal rate. In their loans to the King they were not fully protected, as appears in the famous suspension by Charles II in 1672 of payments on debts owed to goldsmiths amounting to about £1,300,000—a default which caused five bankruptcies and ruined hundreds of depositors. The goldsmiths, moreover, laid themselves open to the charge of debasing for their own profit the coin entrusted to their care. On the whole they proved none too satisfactory custodians of the nation's treasure, quite unable to supply the kingdom with a uniform, protected, and reliable paper currency, properly regulated for the common good.

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[27] Commissioners of the Mint to Lords of Treasury, July 8, 1703, T. 1:86, no. 102; contract between Earl of Bathe and Lords of Treasury, June 19, 1688, T. 1:2, no. 51; memorial of Commissioners for making farthings, etc., November 22, 1689, T. 1:6, no. 9. After 1700, the Mint officials recommended that the subsidiary coins be issued by the Crown at the Tower. T. 1:94, no. 8. However, many petitions for private coinage rights indicate that method of issuing these coins was still an open issue. See T. 1:84, no. 138; T. 1:86, nos. 60, 91; T. 1:94, nos. 8, 120; T. 1:103, no. 88; T. 1:106, no. 38; T. 1:172, no. 25.

[28] The profit to the Crown from the tin coins struck between 1684 and 1692 came to £21,000, the total issue amounting by tale to £59,000. Godolphin to Lords of Treasury, March 14, 1692, T. 1:17, no. 67. Under the patent of 1694, a pound of copper was minted into 21s.

[29] Commissioners of Mint to Lords of Treasury, July 8, 1703, T. 1:86, no. 102; Commissioners of Mint to Lord High Treasurer, December 6, 1707, January 23, 1714, T. 1:103, no. 88, T. 1:172, no. 25.

[30] Before the contract of 1694, there were general complaints of the scarcity of small coins. Then, around 1700, it was charged that the nation had been overstocked. The contract of 1694 (for 7 years) was not renewed in 1701, and during the next ten years the Treasury thought the nation sufficiently supplied. The numerous petitions for private coinage rights, 1702-14, asserted that the stock of subsidiary coins was inadequate.

[31] Report of January 23, T. 1:172, no. 25.

The founding of the Bank of England improved matters greatly. But its paper did not at first meet all the requirements of a national currency. It came into being because of political rather than economic considerations, and the supply of its bills was determined by war expenditure rather than by the country's need for credit in relation to industry and trade. The total sum of its bills first allowed was small, only £1,200,000. Another million was authorized in 1697. The act of 1709 permitted an increase of the Bank's capital to £4,402,000, and approved of the issue of notes to this amount.

The act of 1694 limited the Bank's existence to a term of only twelve years, and when this was extended in 1697 but four years more were added. Only in 1709 did the Bank receive a fairly long lease of life, when its privileges were continued for twenty-one years. During this time, Parliament did not make the bills of the Bank legal tender. It did provide that the bills should be payable on demand, but it did not erect positive safeguards for assuring that this would be done. Two years after the opening of the Bank, it was forced to suspend payments, largely because of failure of promised cooperation from the Treasury. Nor did the Bank at the outset receive protection against schemes for issuing similar bills. In 1696 Parliament authorized the chartering of a rival bank with power to issue bills to an amount larger than that allowed to the Bank itself. This scheme for a new bank proved to be nearly the undoing of the first experiment. Again it was the act of 1709 that gave the Bank its real protection against competitors by restraining all important associations from issuing bills payable on demand.

By 1715 the Bank was firmly established, and its bills formed a useful currency. But the years before had been a time of great difficulty during which the nation had moved forward but slowly toward the extended use of paper money.[32]

The uncertain state of her own currency made it impossible for England to supply the colonies with an adequate medium of exchange. This condition gave rise to various suggestions for separate colonial mints. Three reasons for such a solution run through the contemporary discussions of the problem. For one thing, the foreign coins that circulated in America—even though of the same denomination—varied greatly as to weight and intrinsic value. This made the use of specie extremely confusing, so that frauds could readily be practised by the wary on the unwary. The colonists therefore assumed that if local mints were erected, the different foreign coins could be melted down and the bullion transformed into uniform pieces.[33] Moreover, the plantations lacked a subsidiary currency, for their smallest coin was the Spanish real, worth in the neighborhood of sixpence, and consequently they complained repeatedly of the want of very necessary farthings, pence, and halfpence.[34] The third and, in the opinion of the colonists, the greatest need of separate mints arose from the fact that European coins would not stay in America. Since the balance of trade favored England, and many of the provinces did not have adequate staples to send to the mother country, coin was always in demand as the safest and cheapest form of remittance.[35] Seeing their specie depart, the colonists concluded that they needed a special kind of money—a coin so constituted that it would always remain in the New World.

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[32] Rogers, *First Nine Years;* Andréadès, *Bank of England,* 14-127; Dodd, Chapters 5, 8; Gilbart, *Banking,* I, Chapters 1-3; Bisschop, *London Money Market,* Chapter 1; 5 & 6 William and Mary, c. 20; 8 & 9 William III, c. 20; 7 & 8 William III, c. 31; 7 Anne, c. 30; R. D. Richards, *The Early History of Banking in England* (London, 1929), 24-5, 66, Chapter 5.

[33] John Winthrop, Jr., to ...., September 19, 1660, *5 Collections of Massachusetts Historical Society,* VIII, 66; "Diary of John Hull," *Transactions and Collections of the American Antiquarian Society,* VII, 145; Massachusetts petition for mint, 1686, C. O. 1:60, no. 88(v); proposal of Earl of Carlisle for Jamaica mint, November 10, 1677, C. O. 138:3, 166.

[34] P. Dudley to governor and Council of Massachusetts, August 17, 1714, C. O. 5:866, no. 159(ii); Penn to Popple, July 2, 1707, C. O. 5:1264, no. 9; Hunter to Board of Trade, November 12, 1715, C. O. 5:1051, no. 18; governor and Council of Maryland to the Queen, *ca.* August, 1706, C. O. 5:718, no. 18; Spotswood to Board of Trade, C. O. 5:1316, no. 62.

[35] Memorial presented to Board of Trade, July 5, 1700, by John Tyzack, C. O. 383:3, no. 74. The value in England of British exports to Pennsylvania, New York, and New England, 1698-1717, aggregated £2,710,000, whereas the value of the returns (in the colonies) amounted to only £972,000. Customs estimates of colonial imports and exports, 1698-1717, C. O. 390:5.

Massachusetts acted on this assumption in establishing its mint in 1652.[36] According to assays made at the Tower, a Massachusetts shilling contained only seventy-two grains of silver as against ninety-three grains in the standard English shilling; hence the province debased its coin, in comparison with sterling, to the extent of 22½ per cent.[37] The theory behind this measure was openly avowed by a provincial act of 1654, which forbade the exportation of the local coins under heavy penalties. The mint had not been set up to provide returns to England but to create a currency for the colony. The silver content of the coins had been reduced below sterling to give them a higher value at home than abroad. But it had been found that importers raised the price of English goods to correspond with the reduced bullion value of the Massachusetts shillings. This practice, said the deputies, brought "an undervalue upon all commodities raised among ourselves" and so utterly frustrated "the end and use of money amongst us."[38] The ban on the exportation of the pinetree shillings, however, did not keep them at home.[39] The Massachusetts coinage is significant because it exposes the colonial view that special minting arrangements would confine the circulation of American made coins to the province that issued them.

Other proposals for separate colonial mints were based on similar ideas. Some promoters wanted to make an American currency from unusual or inferior metals. Others advised that special colonial coins should be stamped with a peculiar design which would restrict their circulation to the plantations. And most of the plans anticipated that pieces issued by the projected American mints should contain less silver than the standard English coins of the same denomination.[40]

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[36] Act of May, 1652, *Massachusetts Colonial Records*, IV, Part 1, 84.

[37] Commissioners of Mint to Lords of Treasury, January 15, 1685, C. O. 1:60, no. 88(iii).

[38] *Massachusetts Colonial Records*, III, 187-8, 353-4; IV, Part 1, 421.

[39] C. O. 1:60, no. 88(v).

[40] A plan submitted in 1669 by Nicholas Blake of Barbados embodied his view that the island could retain its money only "by having coin of a lesser valuation than that in England, not to have the standard altered, but to have it of lesser weight as that seven half-crowns in England should be coined into eight half-crowns or twenty shillings to go current for so much here. . . ." Blake to the King, February 28, 1669, C. O. 1:67, no. 95. Governor Codrington of the Leeward Islands advised a novel experiment—one that would

These various proposals were done to death by the opposition of the Treasury and the Mint—and essentially for a single reason. As early as 1662 the Treasury officials remarked that "the preserving one certain standard of weight and fineness of . . . gold and silver coins in all your Majesty's kingdoms and dominions is very much for the security and advantage of your Majesty, and the altering and debasing of the . . . standard . . . cannot be practiced or allowed in any one of your Majesty's dominions without eminent prejudice to all the rest."[41]

This view was advanced at the Tower between 1684 and 1691 against the continuation of the Boston mint, and in 1693 and 1694 against proposals for issuing special coins for Ireland below the

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allow each colony to place a higher value on its local coin than its sterling or intrinsic worth, and still preserve a semblance of currency uniformity in America. He wanted to issue a new coin that should be worth intrinsically about 1d. Forty-eight of these coins should be worth one piece of eight in each colony. Thus the coin would have differing nominal values throughout English America, according to the value which each colony gave to a piece of eight. Where a piece of eight was worth 4s., 5s., and 6s., this coin would be worth 1d., 1¼d., and 1½d. respectively. Codrington believed that by this means a colonial coin could be obtained that would remain in every colony and would adjust itself automatically to varying colonial laws that stated the value of pieces of eight in shillings and pence. Codrington to Lords of Trade, July 13, 1691, C. O. 152:38, no. 33.

A group of coinage promoters in 1698 offered to mint two new kinds of metal into small coins for the plantations. They aimed to give this coin an intrinsic value equivalent to the legal or nominal value of foreign coin in force in the various colonies. If the bullion value of a piece of eight passing at 6s. was 4s., they would coin 4s. worth of metal into every 6s. issued in the new money. They made no headway with this plan because it conflicted with a patent then in force which granted monopoly rights for supplying the colonies with small coin. The patentees, in the report opposing the scheme, admitted that the regular English copper coins would not circulate in the colonies, but "would be immediately returned to England, as the most considerable commodity that could thence be brought." To prevent this they proposed "the stamping the blanks with a different dye, and the prohibiting all of that stamp to pass or be taken into England." Petitions of Cutts, Pickering, and Dudley, 1698, C. O. 323:2, nos. 89(I), 91; report of English patentees for coining copper halfpence and farthings, March 3, 1698, C. O. 323:2, no. 100(i). Another promoter, in 1701, observed that the lack of coin "cannot be remedied by sending such farthings and halfpence as are used in England, because they will be picked up, and sent back for returns, especially from the Continent, where returns of goods often fall short, and 30 per cent will be got by sending back such farthings and halfpence, the value of English money upon the Continent being so much more than the value of American money." "The proper remedy," this promoter continued, "is to coin halfpence and pence of copper . . . and of half the value of the English small money is made, with several mottoes or devices for the several colonies, and to order them to pass only in the respective colonies for which they shall be appointed, vizt, one sort for all the colonies upon the Continent, another sort for the island of Barbados, a third sort for Jamaica, and a fourth sort for all the Leeward Islands." The Commissioners of the Mint agreed with this petitioner that English money would not stay in the colonies, but rejected his scheme for improving matters. Proposal of Samuel Davis, 1701, T. 1:75, no. 13; report of Commissioners of the Mint, July 9, 1701, *Ibid.*

[41] Report of Earl of Southampton and Lord Ashley, November 14, 1662, C. O. 138:3, 254-6.

English standard.[42] In petitioning for a separate coinage, the Massachusetts authorities implied that the province needed a currency cheaper than sterling. Debased coins would stay in America and provide a suitable measure for the enhancement of property values. The colonists saw their cultivated lands increasing in extent; everywhere there was an expanding production of goods. But prices were held down by the scarcity of money. One petition stated that "because the stock of lands and goods in every country is a hundred times more than the stock of money, therefore the value of money must of necessity depend upon and be governed by the value of goods." Property increases might be acknowledged by reducing the bullion content of the circulating coin. England herself had frequently done this in response to changes in the price of silver and in order to accommodate the growth of trade. Finally, other colonial authorities—particularly the East India Company—had received the privilege of coining money for the use of their overseas possessions.[43]

To this last argument the Mint officials entered an emphatic denial. "And the instance of the East India Company is very different from the present case, their privilege of coinage being . . . limited to the forts in India, and to coins of monies current in the dominions . . . of the Indian prices only."[44] Nor was the Massachusetts contention in favor of a debased coinage sound. Property did not determine the value of money; instead, money determined the value of property. Even though England had at times altered the bullion content of her own coin, that was no reason "why the mint in one part of His Majesty's dominions should not hold equal balance with that of the other."[45] Furthermore, the experts at the Tower feared that lowering the standard of coin in a colony would draw silver from England to America.[46] These arguments prevailed with the Crown, and the Massachusetts mint was not allowed to resume its former operations.[47]

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[42] C. O. 1:60, no. 88(iii); Mint report of October 23, 1686, *Ibid.*, no. 88(vii); Commissioners of Mint to Lords of Treasury, January 19, 1691, T. 1:17, no. 15. Commissioners of Mint to Lords of Treasury, November 4, 1693, T. 1:28, no. 65; report of July 4, 1694, *Ibid.* In 1689 official suggestions were made for the design of tin farthings—"with this difference in the reverse of those for Ireland . . . that Britannia supports a harp with her hand." To which the Lords of the Treasury responded, "agreed to (except as to making any difference in the reverse of those farthings that are to go to Ireland)." T. 1:6, no. 9.

[43] C. O. 1:60, no. 88(v); proposal of Mather and Phips, received, May 9, 1691, C. O. 5:856, no. 202.

[44] T. 1:17, no. 5.

[45] C. O. 1:60, no. 88(vii).

[46] C. O. 1:60, no. 88(iii).

British opposition to American mints also manifested itself in the way the petitions of individuals for private colonial coinage rights were disposed of. The Mint, the Board of Trade, and the Treasury generally objected to the issuing of special coins with a colonial design. Nor would they allow the use of unusual metals for the plantations. This policy was of course the natural outcome of the insistence upon a uniform standard for the Empire. If the bullion content of coins both English and colonial remained the same, there was no point in stamping part of them with a separate colonial design.[48]

As a result of British policy, the colonies had to depend on England for their supply of subsidiary coins. Yet the Government did not regulate this coinage with an eye to American needs. In 1701, the Commissioners of the Mint admitted that the plantations were in great want of small money.[49] But at the same time the Commissioners thought England amply provided for. Even though the colonies were suffering, no additional pieces could be struck until England herself needed a new supply.[50]

The variety of plans for colonial mints reveal the urgency of the need and the complexity of the problem. One solution contemplated a mint to be operated in the individual province by the proper colonial authorities. Massachusetts always favored this arrangement.[51] Such a mint was desired by Maryland in 1661,[52] and by Carlisle for Jamacia in 1678.[53] Penn in 1703 hoped that

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[47] Order in Council, October 27, 1686, C. O. 1:60, no. 89.

[48] Board of Trade to Seymour, March 26, 1707, C. O. 5:726, 430; Treasury report on petition of governor and garrison of Londonderry, March 3, 1703, T. 1:84, no. 122. The Commissioners of the Mint, July 9, 1701, approved of a special colonial design if copper coins issued were of full intrinsic value. This was an effective way of killing the proposal, since no promoter would issue such coins if bullion value had to equal face value. T. 1:75, no. 13.

[49] *Ibid.*

[50] T. 1:86, no. 102; T. 1:172, no. 25. Despite the frequent complaints of the colonists of the want of small money, no additional copper coins were issued in England, 1701-14, nor were the colonies allowed to mint such coins themselves.

[51] C. O. 5:785, 24-5; C. O. 1:60, no. 88(v); C. O. 5:856, no. 303.

[52] K. L. Behrens, *Paper Money in Maryland* (Baltimore, 1923), 10; C. P. Gould, *Money and Transportation in Maryland* (Baltimore, 1915), 12.

[53] In August, 1678, the Earle of Carlisle presented a model of a coinage patent he desired for Jamaica. It read: "We do give full power and authority to Charles Earle of Carlisle . . . to erect and establish a mint within our said island for the good and benefit of the inhabitants and traders thereunto: and therein to make coins of gold and silver, or of any fitting and convenient metals." C. O. 138:3, 247.

"the Queen will allow us a mint."[54] One critic of New England reported in 1715 that Connecticut had "great quantities of copper halfpennies and farthings coined there under the pretense of having obtained liberty from the Crown."[55] At New York, Hunter saw in the development of a local copper mine the occasion for granting a mint to the province.[56]

Another type of coinage plan was presented in 1693 by the Sir Matthew Dudley company. It applied to New England, where the promoters of the company intended to produce copper and naval stores. The promoters asked for rights of private coinage, setting forth a striking view of the need. New England, lacking a staple commodity with which to regulate its trade, suffered acutely from the closing of the Boston mint and from a scarcity of circulating coin. The company would be obliged to pay the wages of its workmen in commodities produced in the region. Yet the price of such products fluctuated uncertainly; nor could they "be disposed of without more than half loss." Unless the company could find a reliable medium of payment, its enterprise would be seriously shackled. It might be objected that the Massachusetts mint had formerly coined ample sums of money and that pieces of eight were current in New England. To these objections the company replied that not a fourth of the Massachusetts coins remained in the province; they had been exported as returns or melted down, so that the existing stock was wholly inadequate. Likewise, since New England was debarred from trade with the Spanish colonies, her supply of pieces of eight was not sufficient for supporting a money economy. Such were the arguments in favor of a private mint to be operated by the company.[57]

Other advocates of a colonial coinage advised that the minting should be done in America by the Crown. When the Dudley company encountered opposition to its first plan of a private currency it asked that the proposed coins be issued by a royal mint in New England. At their conference in 1700, Penn, Bellomont, and Nicholson agreed on a plan for a colonial coin, presumably to be minted by the Crown at New York.[58] The most interesting scheme appeared in a paper presented by John Tyzack, "The State and Condition of Some of the English Plantations in America, in Relation to Trade." The authors asserted that the exporters of foreign coin in the colonies sent it to European markets where silver had a higher value than in England. They proposed an American mint that would convert all Spanish money and bullion into English coin. The King should also forbid the exportation of Spanish coin or bullion from the colonies until it had been coined into sterling money, thus "making returns more certain and disappointing the designing perverters of trade, encouraging merchants and the oppressed planters, increasing navigation and commerce, bringing constant supplies to the mint in returns to the plantations and from thence in returns to England and by such circulation continually landing more of the Spanish riches upon our shore."[59]

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[54] Penn to Board of Trade, April 21, 1703, C. O. 5:1262, no. 27.

[55] Richard Rooke to Board of Trade, April 7, 1715, C. O. 5:1265, no. 6.

[56] C. O. 5:1051, no. 19.

[57] Petition of January [?], 1694, C. O. 5:855, no. 14; see also petition of September 2, 1692, *ca.* May, 1693, C. O. 5:906, 1, 7, 26, 35.

Perhaps the most logical method would have been that of issuing coins for the colonies at the English mint. But inasmuch as no one save the Crown could have profited directly by this method, it had few supporters. It is true that Nicholas Blake's proposal from Barbados in 1669 urged this scheme. But his suggestion was significant chiefly because of the difficulty it disclosed with respect to putting a special colonial money into use. Blake advised that colonial coins of the same denomination as English coins should be intrinsically worth less. Yet he wanted to force every shipmaster and merchant trading to Barbados to transport a prescribed amount of the new coin to the colony. This was to be bought in England with good English coin, without allowing for differences in intrinsic value. But as the actual purchasing power of the new money in Barbados would be less than that of English coin, the merchants would lose to the extent of the difference between the intrinsic and the nominal values.[60]

One other similar proposal has been preserved. In 1706 Maryland asked that the Crown should supply the province with small copper coins in return for £700 sterling to be sent to the Treasury.

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[58] Penn to Board of Trade, December 13, 1700, C. O. 5:1289, 22.

[59] C. O. 383:3, no. 74.

[60] C. O. 1:67, no. 95.

The colonists wanted these coins designed so that they would not circulate outside of Maryland.

The most common method proposed would allow special patentees the right to strike money in England for the colonies. One group of promoters sought the coinage rights for Britain as a whole, including the colonies but not emphasizing them in particular. The patent awarded to the Earl of Bathe in 1688 gave him the exclusive right of issuing tin farthings and halfpence for all the English dominions. In the negotiations leading to this patent some twenty petitions were submitted. Most of them noted the scarcity of small coin in the colonies and asked the sole right to supply the need. When England went back to copper in 1694, the new patentees secured a seven year monopoly of the colonial rights. Nearly all the petitioners who sought the patent after 1701 proposed to coin for England and the dominions alike.[61]

Other petitioners were concerned only with supplying colonial needs. Such were Lord Cutts, Sir Henry Pickering of Barbados, and Joseph Dudley, associated together to obtain a patent entitling them to issue coins for the colonies alone. Two similar plans appeared in 1701. The first, from Lord Fairfax and William Russell, anticipated a renewal of the patent of 1694, limiting the coinage to Ireland and the colonies.[62] The second, from Samuel Davis, aimed not only to distinguish between the money of England and that of the colonies, but also to strike different coins for the different colonies.[63]

The expectation of immediate profit explains why the proposals for private coinage greatly outnumbered those for government action. Most of the plans were concerned with the copper coinage. Since England insisted that its silver and gold coin should be worth intrinsically its face value, no profit could be made from such coinage. But this principle did not extend to the smaller coin, and patentees might compensate themselves through the difference between the bullion and the face values of the coin. However, after 1700 the officials of the Mint urged that the smaller money should also possess an intrinsic value equal to its legal value. This plan promised to remove all hope of profit from even this humble coin.

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[61] See note 27.

[62] Memorial of May 14, 1701, T. 1:74, no. 22.

[63] See note 40.

In the meantime, proposals for royal mints in the colonies did not emanate from English officials. They had decided that all coins issued in the King's name should be uniform. If the colonies were not allowed to mint a different kind of money, there was not any reason why the regular English coins should be made in America, since they would not remain there for a very long time.

During the years 1680-1720 the currency of England had not reached a satisfactory stage. The reform of the silver coinage fell short of its intended effect. It did provide a large quantity of new coins, but because of the undervaluing of silver in relation to gold, these coins gave bullion dealers a fresh opportunity for plying their trade, and the silver coin rapidly disappeared. Likewise the India trade occasioned a large exportation of silver every year and consumed most of the country's available surplus. Paper money was just taking form. The issuing of lesser coin was still in an unsettled state. Official views of the principles that should govern this coinage changed frequently, and the experiments of the time resulted in no little confusion.

In the meantime, the repeated complaints from the colonies of coin shortage, and the wide range of plans for colonial mints, disclose a problem that pervaded the whole plantation area. With reference to separate American mints, the central difficulty arose from the desire of the colonies for a coin of less intrinsic value than that of the English standard, and the determination at Whitehall and at the Tower not to sanction such an alteration.

CHAPTER VII

BRITISH PAYMENTS TO THE COLONIES

I have obeyed Her Majesty's commands in the instructions to return bills of exchange for the expenses here [at Boston]. The great affairs . . . relating to the war must content everybody in the delay of lesser matters, and the merchants concerned must have patience. But I most humbly pray . . . that they may not be forgotten, lest it be a discouragement to any future service from them, as well as the undoing those that made those supplies, and depend on their bills.—Governor Dudley to the Secretary of State (1712).

Besides the expedient of a separate coinage for the colonies, England might have supplied them with money through another channel. The Treasury might have sent coin to America, both to pay the salaries of royal officials there and to meet the various extraordinary expenses that arose from time to time. Such a practice would have alleviated in part the distress arising from a scarcity of coin. For this reason, the methods England employed in making required payments abroad have a distinct bearing on the money supply of her American possessions.

The years 1685-1715 form an important period in the financial administration of the British Empire. There occurred then a substantial increase in expenditures for various American services, and by 1715 the problem of making payments in the provinces had become an important element in their relations with the mother country. In 1680 the Crown was responsible for a few payments only, the chief of which were the salaries of the governors of Barbados, the Leeward Islands, Virginia, and Jamaica. The first two intercolonial wars imposed additional burdens, both of supplying ships for the defense of the colonies and their trade, and of maintaining troops in New York and the West Indies. The expeditions against Canada and Nova Scotia during Queen Anne's War drew heavily on the English Exchequer. The transportation of three thousand Palatines to New York for the naval stores experiment there was a costly venture. The manner in which Britain met these expenses throws a rather strong light on her economic connections with America.

Before considering the immediate problem of British payments, it is necessary to take into account the distinction between colonial money and sterling. In so far as the colonies had a common standard of value, it was that of English silver currency. During the period discussed, silver was minted in England at the rate of 5s. 2d. an ounce.[1] The colonists kept most of their accounts in pounds, shillings, and pence; and moreover, in foreign trade, they exchanged commodities priced in sterling value. In addition, however, the colonies created currency values of their own. The coin most commonly used in America at this time was the piece of eight, Mexico, pillar, or Seville. Intrinsically, such a coin of seventeen and a half pennyweight was worth 4s. 6d. sterling.[2] But the colonial assemblies inflated the value of the piece of eight by enacting that it should pass in the colony concerned at more than 4s. 6d.—say at 6s.[3] These foreign coins as valued in shillings by law were then accepted in all public payments and defined as "current lawful money of the province."[4]

When money was remitted from England to America, it obviously had to be raised from sterling value to the corresponding value in colonial currency. If a colony declared that a coin worth 4s. 6d. sterling should pass at 6s. current money of the province, then £100 sterling would buy £133⅓ in colonial currency. The first factor, therefore, in determining the rate of exchange between sterling and the current money of a particular province was the legal price in that colony of silver of sterling alloy. Such legal rates differed from colony to colony and from time to time. For the year 1701 the legal ratios between sterling and colonial money are given below.[5]

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[1] T. Neale to Board of Trade, October 27, 1699, reported that English standard silver consisted of 11 ounces and 2 pennyweight of fine silver and 18 pennyweight alloy of fine copper. A pound, troy, of standard silver was minted into £3 2s. C. O. 389:16, 378.

[2] Commissioners of the Mint to Lord High Treasurer, December 9, 1703, C. O. 323:5, no. 48.

[3] See Chapter 9.

[4] It is necessary to insist upon this definition in view of the misconception that public bills of credit of the colonies were regarded as current money. Such bills were current money only when made legal tender; and legal tender laws were exceptional during these years. However, the legal rates given to foreign coin formed the measure of value of paper money: that is, a bill of credit declared to be worth a certain number of shillings was supposed to represent a certain number of ounces of silver in pieces of eight as valued by law. Thus New York paper money of 8s. (before 1720) represented an ounce of silver in pieces of eight, Mexico, pillar, or Seville. All the documents of the period, 1685-1715, refer to foreign coin as valued by law as "current money of the province," and indicate that the first paper money was not so defined. For Massachusetts, see an act of June, 1695, *Acts and Resolves of the Province of Massachusetts Bay* (Boston, 1869), I, 216, and an act of 1697, C. O. 5:772, 109. For New Hampshire see laws of 1709, 1712, and 1714, C. O. 5:951, 69-71, 128, 189-90; for New York see petition of New York merchants, 1705, C. O. 5:1048, no. 105(i); for South Carolina see acts of 1691, 1695, and 1700, *The Statutes at Large of South Carolina* (Columbia, 1836-41), II, 72, 93, 163-4; for Pennsylvania see petition of Pennsylvania merchants to Governor Evans, C. O. 5:1263, no. 66(i); for Barbados, see Dutton to Lords of Trade, March 24, 1685, C. O. 1:57, no. 70; for Jamaica, see Hamilton to Board of Trade, June 12, 1716, C. O. 137:11, no. 27; for Rhode Island, see act of July 5, 1715, *Acts and Laws of Rhode Island . . .* (Newport, 1730), 80.

Commercial rates of exchange in America, however, ordinarily did not coincide with the legal ratios of colonial money to sterling. As a rule, the commercial rate was usually a few points below the legal ratio. The problem may be illustrated by commercial rates at Boston. In 1694, £137 Massachusetts money was nominally worth £100 sterling. But in order to purchase a sterling bill of £100, a Bostonian would not have to pay £137 in Massachusetts currency. He would assume a risk in buying the bill: it might be protested in England or the drawee might become insolvent. Moreover, the Bostonian would advance money for a period of a few months until the bill could be sent to England and paid. Such risk and deferred payment would therefore cause the purchaser to give less for the bill than £137 Massachusetts money; he would pay only £132 or so. If the supply of bills were exceptionally large, the rate would fall; if the supply were unusually low, the rate would rise close to or above the legal ratio between sterling and current money.[6]

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[5] Ratios of colonial money to sterling: New England, 137:100; New York and East New Jersey, 155:100; Pennsylvania and West New Jersey, 181:100; South Carolina, 161:100; Virginia, 111:100. These ratios are based on the highest value given by law to the pennyweight of silver in the piece of eight, Mexico, Seville, or pillar. See Chapter 9.

[6] The above illustration is derived from items in the "Letter-Book of Samuel Sewall," *Collections of the Massachusetts Historical Society, Sixth Series,* I, 119, 133, 143, 152, 170. When remittance was made by coin, it cost more than £137 Massachusetts money for £100 sterling, inasmuch as the remitter would have to pay freight, insurance, and a commission to a merchant for the specie shipment. However, most remittances were made by bills of exchange. When bills were drawn by British officials in the colonies on one of the executive departments in England, the rate of exchange was generally lower than the legal rate of current money in the province. A merchant advancing money on such a bill had both to assume the risk that it might be rejected or not met when due, and to wait a few months until it was paid. The rate of insurance for bills at Maryland in 1706 was 5 per cent. Commissioners of Prizes to Lord High Treasurer, December 20, 1706, T. 1:100, no. 53. A report of the Commissioners for Sick and Wounded Seamen, October 16, 1712, states that bills drawn in the colonies on the Crown were then drawn below the ordinary rates because such bills were not being paid promptly when due. T. 1:153, no. 9.

There were three general means of making English payments in America. On a few occasions coin was shipped from England for such purposes. This happened in 1690, when £2,500 in tin farthings and tin and copper halfpence were sent to the Leeward Islands for paying the English regiment there. Yet these coins found no particular welcome. The governor remarked that they could not be used for change, "there being nothing to be bought here for so small a coin, and a quantity of them are troublesome to carry." But there was a more serious objection. The farthings—which represented sterling value—circulated in the islands as if their shilling value were equal to the legal shilling value of pieces of eight, although the legal value of the piece of eight had been greatly inflated. This fact led the governor to observe "how great a loss the farthings . . . are, for though they are sterling money, yet 6s. of them will purchase no more here than a piece of eight, though had that 6s. been disposed of in England, it would have purchased a piece of eight and a half, from which 'tis very evident that to send sterling money hither to pay the regiment is no profit." It occurred to the governor to rate the farthings above their nominal English value, but he feared to do this without instructions for the act. Since the farthings were worth more in England than in the islands, they soon came home. It was therefore unprofitable for England to remit English money to the colonies—unless, of course, the Crown should allow the value of such money to be raised so that it would correspond to the inflated rates of colonial currency. This, however, was something to which English officials were steadfastly opposed, and consequently the Treasury did not, as a rule, remit coin to the colonies during the twenty-five years after 1690.[7]

A second means of making payments from England was occasioned by the importance of sugar in Barbados and the Leeward Islands. In these colonies the principal revenue which the Crown received for supporting the local governments was paid in sugar and known as the 4½ per cent duty. By 1685 Spanish coin had largely supplanted sugar as the current money of Barbados. Hence the sugar received by the Crown had to be converted into coin for paying the governor's salary, which was supposed to represent full sterling value. The method generally used before 1685 was to send the sugar to England, where it was sold and the proceeds paid into the Exchequer. The Government then paid the salary of the governor to his agent in London, and the agent remitted the money as directed by the governor. But this method was not wholly satisfactory. The governor was obliged to wait until the sugar was shipped over and sold and the money returned by his agent. In addition, the governor had to pay his agent a substantial commission for handling the money.

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[7] Codrington to Lords of Trade, July 13, 1691, C. O. 152:38, no. 33. For the period, Christmas, 1698, to Christmas, 1715, the total exports of foreign coin and bullion from England to the colonies are given in the customs records as: to Barbados, £7,974; to Jamaica. £4,534; to Antigua and Nevis, £5,546; to Carolina, £250; to Pennsylvania, £85; to the other colonies, none. Although such figures are not to be taken too seriously, they probably include all exports of coin and bullion on the Government's account. Report of the Inspector-General of the Customs, December 17, 1717, C. O. 390:5, no. 4.

These drawbacks led to attempts to change the method of payment. One such attempt was made by the governor when, in March, 1685, he induced the Assembly to pass a law which commuted the 4½ per cent duty into coin. In place of the old sugar duty, a land tax of £7,000 sterling was to be paid in the island in pieces of eight or bills of exchange. Three reasons for this measure are evident. It would allow the governor to be paid in coin in the colony without delay. It would save the risk of loss incident to shipping the sugar to England. And it would simplify the exporting of sugar in general by freeing the planters from the customs regulations made necessary by the old duty. The scheme failed because the collectors of the duty estimated that it ought to yield more than £7,000 yearly, and the act was accordingly disallowed.[8]

Four years later another governor of Barbados suggested another plan: that he should receive sugar in the island and dispose of it there himself. This scheme would eliminate the commission to an English agent, and relieve the Crown of the care of exporting the sugar. The important point involved had to do with the exchange of money. At this time £100 sterling would buy £110 Barbados money; hence the governor's salary of £1,200 sterling, when paid in England in English money, would be worth £1,320 in the currency of the colony. However, if the salary were paid in sugar in the island, such sugar would be valued in Barbados money, and the £1,200 in sugar would amount to only £1,091 sterling. Therefore, the governor proposed that he receive £1,200 in sugar (or Barbados money) with an extra 10 per cent added to make up sugar to the value of £1,200 sterling or £1,320 Barbados money. The Lords of Trade sanctioned the plan of payment in sugar at the island, but did not allow the 10 per cent to cover the loss arising from the exchange.[9]

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[8] Dutton to Lords of Trade, March 24, 1685, C. O. 1:57, no. 70; act of March 4, 1685, *Idem*, no. 47; report of Commissioners of the 4½ per cent duty, March 31, 1685, *Idem*, no. 47(i).

In the meantime the method of paying the governor's salary in sugar was in force in the Leeward Islands. Governor Codrington, however, found it injurious to his interests. When he received sugar, he had to bear the charges of storing it and of paying an agent to sell it for him in order to obtain money. If the market price of sugar declined before he could dispose of the quantity he had received, he had to stand the loss. Moreover, he was obliged to accept sugar at inflated rates; when he sold sugar that represented £100 of his salary it netted him only £66⅔ sterling. Had he been paid £100 sterling in England, and had this sum been remitted to the Leeward Islands in either pieces of eight or bills of exchange, it would have equaled £150 in the current money of the islands. For these reasons Codrington petitioned that the sugar from the 4½ per cent duty should be shipped to England, there to be sold by the Crown, and the proceeds returned so as to make up the full sterling sum of his salary. The Commissioners of the Customs acknowledged the reasonableness of the petition, and an order in council then put the indirect method of payment into effect.[10]

In Barbados, the governors found it more profitable to accept salary payments in current money because the loss from the exchange—only 9 per cent—was less than the loss entailed by shipping sugar for sale in England that remittance might be made from London in sterling bills. The governors of the Leeward Islands, on the other hand, preferred the scheme of payment from England, inasmuch as they lost 33⅓ per cent of their salaries when payments were made in current money of the islands regarded as of sterling value. In neither case, however, did the governor obtain the full sterling sum to which his commission entitled him.

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[9] Two memorials from Governor Kendall to Lords of Trade, July, 1689, C. O. 28:37, nos. 17, 18.

[10] Codrington to Lords of Trade, July 13, 1691, C. O. 152:38, no. 33; Commissioners of the Customs to Lords of Treasury, January 5, 1692, *Idem*, no. 49; Order in Council, January 28, 1692, C. O. 153:5, 10.

Most of the British payments in the colonies were effected by means of bills of exchange drawn directly or indirectly on one of the executive departments at Westminster. In case the Government remitted money regularly to troops or officials stationed in America, it paid the money in the first instance to their London agents. The colonial official could then buy goods or provincial currency, paying with bills of exchange directing the London agent to reimburse the merchant who had extended credit to the official in America. Another use of bills arose when some temporary expense had to be met by the Crown—when, for instance, warships were provisioned in the colonies, or when funds were needed for an expedition. At such times agents of the Government were allowed to draw bills on one of the executive departments.[11] Or, in case the expenditure promised to be a large one, extending over some time, a department would contract with a merchant for remitting the money. Such a contract might provide that money was to be paid to a merchant in England and that he should supply the needed funds in the colonies.[12] Or it might allow a colonial merchant to act as an agent of the Crown, buying provisions for the services in America and paying for them with bills drawn on the Government.[13] The departments on which such bills were commonly drawn were the Navy Board, the Paymaster of the Forces, the Victualling Office, the Ordinance Board, the Commissioners for

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[11] Thus at the Leeward Islands, Governor Codrington was allowed to draw on the Navy Board for provisioning the West India fleet. Lords of Trade to Codrington, November 24, 1690, C. O. 152:37, no. 136. A letter of credit, November 24, 1698, allowed Rear-Admiral Benbow to draw £2,000 at Jamaica, £3,000 at Barbados, £500 at the Leeward Islands, £500 at Virginia, and £2,000 at New York. T. 1:84, no. 92.

[12] The method used before 1705 to supply English troops at Jamaica was to this effect: the Treasury contracted with a London merchant to deliver funds at the island, and remittance was made by bills drawn by the merchant on his Jamaica correspondent. This method was criticized by Governor Handasyd because such bills were not payable until 40, 80, or 100 days sight, "and if my officers and soldiers can live so long without subsistence they may as well live seven years." A new plan was adopted in 1706, when a Jamaica merchant, Charles Knight, agreed to supply money, receiving Handasyd's bills on the Treasury. Payment of these bills was to be made to Knight's correspondent in England. See proposals of L. Galdy and Company and of B. Gracedieu, July, 1701, T. 1:74, nos. 45, 56; Handasyd to Board of Trade, November 20, 1705, C. O. 138:11, 440; report of Paymaster-General, March 16, 1706, *Idem*, 458.9.

[13] Robert Quary was commissioned to buy supplies in the mainland colonies for the West India fleet, drawing on the Secretary of the Treasury. Quary to [Nottingham?], April, 1703, C. O. 5:1233, no. 44.

Sick and Wounded Seamen, the Transport Board, the Paymaster of Guards and Garrisons, and the Treasury.

Such bills of exchange were subject to many a perplexing difficulty. One source of trouble was that they were often not paid promptly when due. During the course of the wars the executive departments were unable to anticipate all the expenses that arose, and consequently Treasury grants were frequently inadequate. Whereupon such departments found themselves in arrears, unable to pay all the bills drawn on them abroad.[14]

In such cases, the department could only postpone payment, notifying the owner of the bill that it had been accepted and would be cared for in its turn when funds came to hand. At the close of each of the wars, bills on the Victualling Board and the Navy Board had acquired an especially bad name for deferred payment.[15] Delays of this sort imposed hardships on merchants who had to wait for their money or to borrow elsewhere at interest the sums tied up in bills. The failure of a department to pay interest naturally caused its bills to be drawn and sold later at a discount.[16] It also made it hard for governors to secure money in the colonies on bills while the merchants held earlier bills that were unpaid.[17] When the office of the Paymaster of the Forces fell into arrears, the London agents of the New York and the West Indian forces who received funds from the Paymaster had to refuse bills drawn on them in those colonies. The commanders thereupon found that money could not be had on new bills and were then forced to use their private credit. When it came to this pass, the troops were soon inadequately supplied. Next followed reports of dissatisfaction, ill service, and desertion. Such complaints form a continuing refrain in the reports of colonial commanders at this time.[18]

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[14] The Ordnance Board in April, 1712, asked for £43,000 to meet pressing needs. Of this sum, £4,581 was required to pay bills drawn in New England. T. 1:146, no. 7. The Victualling Board in April, 1695, reported unpaid bills drawn at Jamaica, Barbados, New England, and New York. T. 1:32, no. 65. In March, 1707, the same Board reported that "the course of this office being near twenty-one months in arrear," several bills were past due. T. 1:101, no. 100. In November, 1711, the Victualling Board had accepted bills to the amount of £67,000 which were unpaid. T. 1:139, no. 48. The Commissioners for Sick and Wounded Seamen stated, September 5, 1698, that bills totaling £5,617 had been accepted by them and asked the Treasury to grant them this sum. Several of the bills had been due many months. T. 1:56, no. 5. The same Commissioners wrote, September 18, 1711, to the Treasury: "We cannot omit this opportunity of reminding you of the difficulties we are under for want of money to pay our foreign bills of exchange; and to carry on the current service, which is now at a stand." T. 1:137, no. 38.

[15] The governor and Council of Barbados stated in July, 1699, that two captains of English ships had difficulty in securing provisions for the homeward voyage. "The merchants refusing to d[ ] upon their bills of exchange on the Navy Board or Victualling Office, alleging that what they had formerly taken of that nature were so badly complied with, that they were . . . prejudiced in their trade, staying so long for their m[oney] as they did and still do for some of it." C. O. 23:4, no. 42.

[16] The Victualling Board to the Treasury, August 30, 1711, declared that dealers with the office alleged that "our bills are now upwards of thirty-five per cent discount, from the present uncertainty of the payments, and the apprehensions some people have that they will be paid in South Sea Stock." T. 1:136, no. 65.

[17] Governor Grey and the Council of Barbados wrote, July 4, 1699, "so long as we are thus put to it to beg of credit of the merchants, they who are willing at any time to give it will put a great price upon their goods, or not part with them upon such uncertain payment as they have hitherto met with, at the Victualling Office especially." C. O. 28:4, no. 42.

A second cause for the nonpayment of bills was the frequent refusal of departments to accept them because of the circumstances in which they were drawn. Governors and ship captains were by no means free agents whose financial acts were unhesitatingly acquiesced in at home. When a bill was presented for settlement, the paying department investigated its history, requiring always that it be accompanied by proper accounts, together with a letter from the drawer signifying the necessity for taking up the money. The failure to send such accounts invariably caused payment to be deferred. In case bills were drawn for provisioning ships, the captain and the purser both had to sign them and to join in stating the need. If one such agent acted alone, his bills would be questioned at home. If the accounts did not disclose in detail how the money was spent and what prices had been paid for supplies purchased by the bills, the merchant presenting them would have to wait for his money until precise information arrived.[19]

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[18] Lord Cornbury asserted in a memorial to the Board of Trade, July 16, 1701, that the arrears for the four companies at New York, for the period March 26, 1699, to May 20, 1701, amounted to £4,573. C. O. 5:1046, no. 25. The agent of New York wrote to the Treasury, October 12, 1698: "The forces in New York have not received a farthing of subsistence since January twelvemonth, and a large debt is contracted for their subsistence which daily increases on Lord Bellomont's credit with the victuallers. The officers have but a very small supply of money. . . . Unless money be speedily despatched . . . Lord Bellomont will be in the greatest difficulty to keep the troops from deserting or starving." *Cal. St. Pap. A. & W. I.*, 1697-8, p. 574. A memorial of Colonel Henry Holt to the King, 1695, respecting a regiment in the Leeward Islands, asserted "that the regiment officers and soldiers . . . from the . . . first of April, 1693, to the first of May, 1695, . . . is entirely in arrear, having neither received subsistence nor clothing for that time, which hath necessitated the officers to run greatly in debt for the support of themselves and men, and being so long in arrear, their credit is lost in the said islands, for by the last accounts from thence the private sentinels had neither shoes nor stockings for their feet, nor clothing to cover their nakedness, and the officers themselves in very necessitous circumstances." T. 1:36, no. 27. A memorial from Colonel Lillingston to the King, about April, 1694, also relating to the Leeward Islands, states "that the great arrears of subsistence now due to the regiment has put the officers to great straits . . . for they have only received, for the whole time of their being on the West India expedition, but £2,577, and that to the loss of 25 or 30 per cent by the lightness of the money so received." T. 1:27, no. 32.

The rule of the Treasury for bills drawn in the colonies was that agreements between royal agents and merchants did not bind the Crown until the bills had been accepted by the proper department. Merchants, therefore, advanced money or supplies at their risk, knowing that the transaction would be reviewed before payment was made. If a department found that supplies had been sold at excessive prices, it might refuse payment altogether,[20] or it might grant only part of the sum of the bill—enough to pay for the supplies at what it believed reasonable prices. On the other hand, if an official drew bills for some purpose that was not considered valid at home, such bills might be refused. Consequently, merchants were both obliged to inquire into the credit with which an official had been endowed, and restrained from advancing money for any save authorized uses.[21]

The difficulty arising from the prices of provisions sold for such bills is well illustrated by the provisioning of naval vessels at Boston and New York. Toward the close of Queene Anne's War, the Navy Board contracted with a London merchant, Benjamin Edmonds, for this service. Edmonds agreed to deliver money for the ships at the two ports, giving £145 in the currencies of New York and Massachusetts for every £100 sterling paid to him by the Navy. This rate of exchange seemed highly favorable to the Crown. Edmonds then agreed with Messrs. Andrew and Benjamin Faneuil of Boston for executing the agreement. The complete arrangement was to this effect: the Faneuils delivered provisions to the ships in the colonies, and Edmonds paid them, probably by sending them English goods. The captains of the ships drew bills on the Navy Board in favor of Edmonds, who was thus reimbursed for his payments to the Faneuils.

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[19] Report of Victualling Board on bills not accepted, 1711, T. 1:39, no. 48.

[20] This was done in 1703 in connection with bills amounting to £3,516 drawn by Quary and presented by Micajah Perry for payment. Directed by the Lord High Treasurer to investigate these bills, the Victualling Board reported, September 23, 1703, "we have examined the accounts thereof, and do find that the several species mentioned therein are much dearer than in England." The report seems to advise nonpayment of the bills. T. 1:87, no. 64.

[21] Report of Victualling Board on bills not accepted, 1711, T. 1:139, no. 48; Grey and Council of Barbados, July 4, 1699, C. O. 28:4, no. 42; Burchet to Lowndes, September 12, 1712, T. 1:151, no. 52.

Early in 1713 Edmonds was complaining that the Navy Board had refused to accept seventeen of these bills amounting to £8,400. The Board stated its case thus: "by the vast sums drawn home for such small ships, in so little time they have been abroad, and the view of some accounts already come in, there appears too much reason to apprehend there have been and are great abuses in those affairs." Formerly ships remained abroad as long as two years without drawing bills. But now word had come of two vessels that left Plymouth only four months ago, and were already complaining of the need of supplies at Boston and New York. "It has been observed to be of late, that ships no sooner get into those ports, but they begin to draw bills, from whence we are afraid that the good credit this office had there has been a disadvantage, rather than a service . . . , for it is demonstrated that before the agreement with Mr. Edmonds for £45 per cent for exchange from those ports . . . the commanders did draw so fast, or for such great sums as they have done since."

The secret of the affair was clear to the Navy Board. The Faneuils were not supplying the commanders with money, but were furnishing them with provisions, charging very high prices in order to offset the rate of exchange at which Edmonds had contracted. The Board regarded this as a violation of the agreement, and refused to pay the bills until directed to do so by the Treasury. Four years after the bills were drawn the Edmonds were still petitioning for their money.[22]

This vigilance was necessary to protect the Government from frauds at the hands of its servants in distant parts. It could not exercise direct control over them, scattered as they were in all corners of the world, and moving rapidly from place to place. This lack of supervision was itself a temptation to officers: it was always possible for them, in collusion with merchants, to defraud the Crown by padding accounts and taking part of the sum of bills in money for their own pockets. In 1713, a certain captain drew a bill at New York on the Victualling Board, asserting that he had used this bill to buy supplies for his ship. After investigation it appeared to the Navy Board that his accounts were fraudulent—that he had kept part of the money for himself. The Board therefore refused to honor the bill.[23]

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[22] An undated petition, of some time after November, 1714, from the wife of Edmonds presents a defense of the methods used by the Faneuils. The main contention is that, if there was anything improper, the commanders who drew the bills were responsible. The petition urges that the money be paid to the Edmonds, and that any losses to the Crown should be made up from the wages of the commanders. T. 1:181, no. 51. See also petition of B. Edmonds to Lord High Treasurer, 1713, T. 1:166, no. 36A; reports of Commissioners of the Navy to Secretary of the Admiralty, December 30, 1712, *Idem*, no. 36D; November 4, 1713, *Idem*, no. 10; November 20, 1713, *Idem*, no. 36; list of bills not accepted by the Navy Board, March 6, 1713, *Idem*, no. 36C; and similar lists of November 4, 1713, and November 12, 1714; *Idem*, no. 10, T. 1:181, no. 50.

This case was not an isolated one. A more important transaction relates to Virginia. When the commander of a naval vessel ran short of provisions he secured new supplies for a time by drawing on the Victualling Board. But this source was soon dried up when his bills came back protested. He next asked Governor Nicholson to endorse his bills, as required by the Victualling Board. But Nicholson hesitated. He had previously advanced £500 on another commander's bills, but these had not been accepted by the authorities at Whitehall, because, as Nicholson believed, they suspected that he "must have had some profit here by the advance of the said money." Now, before providing additional sums, he required eight officers of the ship to sign a statement that the provisions were urgently needed. Even then, Virginia merchants refused to exchange their provisions for the officers' bills. The merchants delivered their supplies to Nicholson, who then provisioned the vessel, paying the merchants with bills he had secured drawn by William Byrd on Michajah Perry of London. Not until all these safeguards had been provided did Nicholson feel he could accept the bills of the ship's officers for the sum which his credit had obtained.[24]

The task of determining the merits of bills drawn in the colonies was complicated by the exchange of money. The prices of provisions bought were expressed in colonial money values, whereas the bills were commonly payable in sterling. It was imperative, therefore, that the Crown should obtain an extra value in colonial currency for its sterling bills—that the receivers of such bills should buy with colonial money at the current rates of exchange.

The executive departments generally protected themselves by refusing bills open to the objection of unfavorable exchange rates.

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[23] Victualling Board to Lowndes, 1714, T. 1:178, no. 38.

[24] Copies of the letters, reports, and orders pertaining to this case are in the minutes of the Virginia Council, October 24, 1702, to March 1, 1703, C. O. 5:1313, no. 16(xx).

The Victualling Board rejected several such bills drawn by its Jamaica agent at 10 per cent, and found London merchants who would remit to the island at 18 per cent.[25] In 1712, bills were drawn at Barbados on the Commissioners for Sick and Wounded Seamen at 10 per cent when 25 per cent had been the usual rate. The Treasury ordered that, in paying these bills, a sufficient sum should be deducted to reimburse the Government for the low rate of exchange. Only when the owner of the bills proved that they had been drawn at the then prevailing commercial rate did he secure an order for full compensation.[26] In case of a large number of bills drawn for the Canada expedition of 1711, the owners received payment of only two thirds of the sums involved, on the ground that allowance had not been made, in drawing the bills, for the difference between colonial money values and sterling.[27]

In remitting money regularly to troops stationed in America, the Crown at first paid them with colonial currency, giving a pound of colonial money for each pound sterling due, regardless of the exchange.[28] In New York the troops complained loudly of this practice, for the difference amounted to 30 per cent. Part of the surplus went for incidental charges for the benefit of the soldiers, but even so they lost in their pay at the rate of £22 sterling for every £100 that was paid in New York money considered as £100 sterling. Lord Bellomont also protested. "In plain terms," he wrote, "that deduction is an intolerable oppression upon the officers and soldiers, and unless it be taken off, we shall never be able to keep full companies." Such protests were made for five years until a new plan was adopted in 1701. An order in council then directed that two thirds of the difference arising from the exchange be added to the pay of the companies, and that the other third go as previously for incidental services.[29] At the close of Queen Anne's War, the Paymaster of Guards and Garrisons wrote: "The four companies at New York as well as all the other forces in the West Indies have in consideration of the distance and difficulties of the service been constantly allowed the advantage arising by the exchange, out of which they are likewise supposed to bear all extraordinary expenses not provided for by the establishment."[30]

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[25] Report of Victualling Board on bills not accepted, 1711, T. 1:139, no. 48; Victualling Board to Lowndes, June 23, 1711, T. 1:134, no. 43.

[26] Commissioners for Sick and Wounded Seamen to Lowndes, October 16, 1712, T. 1:158, no. 9; Treasurer of the Navy to Lord High Treasurer, February 24, 1713, *Idem.*, no. 53.

[27] Commissioners of Ordnance to Lords of Treasury, March 22, 1715, T. 1:189, no. 9.

[28] A regiment in the Leeward Islands in the early 1690s received its pay in pieces of eight. The troops were forced to accept one piece of eight as if it were worth 5s. sterling, whereas the coins paid were worth about 3s. each—a loss of between 35 and 45 per cent. Memorial of Colonel Lillingston to Lords of Trade, 1694, C. O. 138:7, 309-10. A warrant to the governor and Council of Jamaica regarding the establishment of a regiment in the colony reads: ". . . and whereas by the exchange of money remitted for this service there will accrue unto us an advantage or surplusage of fifteen pounds for every hundred pounds paid for the subsistence of our said regiment, our will and pleasure is that out of the said surplusage . . . a sum not exceeding four thousand pounds be supplied . . . towards the . . . settling of such families as have suffered by the . . . invasion and for other necessary occasions of the government." C. O. 138:7, 357.

At New York Lord Bellomont had an unpleasant taste of the difficulties of the exchange. He received from England the money for supporting the troops in his territory. In the early part of his administration the four companies were supplied by certain victuallers, who were paid in turn by Bellomont. Robert Livingston was the chief contractor in this service. Bellomont came to believe that the victuallers were growing rich by providing inferior supplies. Accordingly, he changed the method of payment. He bought current money with the bills he drew on his London agent, and thus paid the troops in cash every week. But soon he was in difficulties. He complained that the former victuallers—the most influential merchants in the colony—combined against him and lowered the rate of exchange on his bills, and even refused money altogether—so that, as he said, "were it not for one Dutch merchant and two or three Jews that have let me have money, I should have been undone."[31]

One other major reason for the nonacceptance of bills was that agents who drew them occasionally lacked the authority to do so. The power of drawing bills granted to one official did not extend to his successor unless the appropriate department definitely renewed it. Yet at times of sudden changes in colonial administration, a temporary government might feel it necessary to meet an expense by drawing bills before it had the proper authority. Such bills were at the mercy of the paying department. If an agent were discharged from a post and continued to draw bills, either because of delay in receiving word of his dismissal or because there was not anyone else to serve in his place, such bills might be questioned at home. In grave emergencies a colonial official might need to take up money for which the Crown had not made provision. When his bills came to England they had to be considered specially, both as to whether they were to be accepted and as to what department should pay them. In the resulting delays the owner of the bills had to suffer the expense of petitioning, and to wait in the interim without the use of his money.[32] Considering the remoteness of officials from Whitehall, the frequent changes of colonial administrations, the pressure of unforeseen events, and the readiness of the Crown to repudiate the acts of its agents, such uncertainties of authority constituted a serious defect in the method of remittance by bills of exchange.

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[29] Bellomont to Board of Trade, October 17, 1700, C. O. 5:1045, no. 1; petition of commissioned officers of the four companies at New York to the Privy Council, 1701, C. O. 5:1046, no. 12(xiv); Order in Council, January 16, 1701, C. O. 5:1118, 114-5.

[30] J. Howe to Lord High Treasurer, July 2, 1713, T. 1:162, no. 42.

[31] Bellomont to Board of Trade, October 17, 1700, C. O. 5:1045, no. 1; an account of money due to R. Livingston, dated June 21, 1701, C. O. 5:1046, no. 22(i).

The difficulty is well illustrated by an episode in the affairs of New York. Lord Bellomont himself had been the agent of the English forces there. He had appointed an attorney in England to receive their money and to pay his bills of exchange. When Bellomont died, no one had authority to draw on either his attorney or the Treasury for the subsistence funds. The troops soon were in dire need. The members of the New York Council had to take up money on their personal credit, trusting that their bills would be honored in England. This situation endured for several months—until Bellomont's attorney was appointed agent of the companies with authority to receive their money and to pay the Council's bills.[33]

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[32] When Nova Scotia was occupied, the colonial commander drew bills through Boston on the Crown for supporting the garrison established at Annapolis. There was no grant for this service. The Treasury hesitated to accept the bills, and sought to obtain the funds from colonial revenues. Lowndes to Popple, August 31, 1711, C. O. 5:865, no. 67. The Commissioners for Sick and Wounded Seamen to Lords of Treasury, July 8, 1695, reported that in 1692 the commanders of English ships at Barbados found it necessary to put ashore certain seamen who were ill. The commanders took up £825 from Governor Kendall, giving him their bills on the Navy Board. "But we [the Commissioners] having no particular fund or orders for that service . . . did by several memorials in 1692 and 1693 make applications to your Lordships, not only for the £825 but for above £300 more drawn for the same service, and which they likewise sent us to pay." This was more than three years after the bills had been drawn. T. 1:34, no. 2.

[33] New York Council to Board of Trade, March 6, 10, May 5, 1701, C. O. 5:1046, nos. 5, 8, 13; order of New York Council, March 30, 1701, *Idem,* no. 12(xv); Popple to Lowndes, July 4, 1701, C. O. 5:1118, 306; Treasury order, July 15, 1701, C. O. 5:1047, no. 8; John Champante to Board of Trade, December 9, 1701, *Ibid.;* list of Council's bills, C. O. 5:1048, no. 82(vii).

The next governor—Lord Cornbury—did not arrive in the province until some months after his appointment. He, like Bellomont, secured the agency of the troops and selected an attorney in England. Cornbury's authority to receive the pay of the forces became effective in December, 1701, and his attorney accordingly then began to receive the money. But Cornbury did not arrive in New York until the following May. Meanwhile, Lieutenant-Governor Nanfan drew bills on the former attorney for the support of the companies during the period from December till May. A bitter controversy was soon in progress between Cornbury and Nanfan. Cornbury insisted that he had paid the forces during the period December to May, and that Nanfan could not account properly for the money secured by the bills he drew during these months on the former attorney. Nanfan protested in turn that the money he had taken up had been paid to the soldiers, and that the Treasury should force Cornbury's attorney to deliver the pay to the former attorney in order that Nanfan's bills might be met. For ten years the controversy raged between the owners of these bills and Cornbury, and all the while the former were out of their money. The view of the Treasury was that the Crown's obligation ended when the money was delivered to the proper attorney. The owners of Nanfan's bills were thus forced to seek an adjustment with Cornbury at their own expense.[34]

In spite of the difficulties that attended remittance by bills of exchange, the payments which England made during Queen Anne's War indicate clearly the advantage which the colonists derived from membership in the Empire. It is inconceivable that in 1700 they could have maintained themselves independently of one of the European powers. Commercially, their dependence arose from their need of imported manufactured goods, without which they would have relapsed into a very primitive state indeed. When their population did not exceed 300,000 souls, they did not possess a domestic market sufficient to support home industries capable of profiting by an extensive division of labor. Imports in turn necessitated exports, and the whole mechanism of colonial trade at this time was designed to provide the means of paying for needed European supplies. Depending on foreign trade as the colonies did, they required the protection of a strong navy, the backing of an organized diplomacy, and an access to markets which, under the rules of mercantilism, were more or less closed to foreign traders. All these advantages the colonies enjoyed while they formed a part of the British Empire. Great as was the interruption of their trade during Queen Anne's War, it is a question whether, in those days of fierce international rivalries, it could have continued at all but for the shelter of British convoys. The importance of the imperial connection is revealed by the fact that in four years, 1708-11, Great Britain spent £414,000 on the defense of the commerce and coasts of the mainland colonies.[35]

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[34] Nanfan to Board of Trade, September 24, December 29, 1701, October 5, 1702, May 27, October 11, 1703, February 15, 1705, C. O. 5:1047, nos. 1, 25, C. O. 5:1119, 249-50, C. O. 5:1048, nos. 57, 68, 103; Champante to Board of Trade, December 9, 1701, February 4, 1703, August 22, 1704, C. O. 5:1047, no. 8, C. O. 5:1048, nos. 24, 90; Champante to Lords of Treasury, 1711, T. 1:142, no. 13; list of bills drawn by Nanfan, March 29, 1701, to June 29, 1702, C. O. 5:1048, no. 63(i); Clarendon (Cornbury) to Lords of Treasury, March 26, August 29, 1711, T. 1:146, no. 21; report of Comptrollers of the Army to Lord High Treasurer, April 10, 1712, *Ibid.*

Bills of exchange drawn on the British Government affected the money supply of the colonies in two ways. First, such bills provided a means by which colonial merchants could buy English goods without exporting commodities or coin. The merchants furnished British agents with provisions or colonial money and received the bills in return. These were then endorsed to English merchants in payment for goods sent to the colonies. This sort of transaction was vastly more important to the provinces north of Maryland than to the others. The northern colonies found it extremely difficult to obtain credits in England, and bills of exchange drawn on the Government offered a seemingly assured purchasing power in London. In considering such bills as they bear on the money supply of the colonies, the discussion may be confined to the northern area.

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[35] The yearly expenditures were:

	New England	New York	Virginia
1708	£21,788	£13,860	£61,200
1709	23,120	22,140	21,280
1710	42.920	27.480	38,300
1711	44,400	26,320	71,240
	132,228	89,800	192,020

Estimates of expense of British warships engaged in defense of the colonies, C. O. 390:5, no. 46.

Prior to 1702, the total sum of the bills drawn in the colonies was small. The two main purposes for which money was paid were the supplying of the troops at New York and the refitting of English warships. For the former service, the average yearly sum transmitted did not exceed £3,000 during the period 1691-1702. And only a total of £7,500 was spent for English warships at Boston and New York during these years.[36] However, considering the slight volume of New York's imports from England, the bills drawn for the four companies provided a fairly substantial means of paying for English goods. Many of the bills drawn at New York were later endorsed to Boston merchants, thereby supplying them with returns in their English trade.

After 1702 there is another story. Governor Hunter expended £24,000 on the Palatines at New York, raising the money on his credit with English merchants.[37] Bills drawn on account of Nova Scotia, 1711-13, and handled through Boston, amounted to at least £18,710.[38] Even more important was the financing of the expedition against Canada in 1711. For this purpose Governor Hunter drew bills to the amount of £19,548 New York money.[39] Seven separate accounts for expenditures at Boston for the Canada expedition and for provisioning warships at Boston and New York, 1711-13, show a total of £63,661 colonial money or about £42,446 sterling.[40] The Commissioners of the Navy wrote in 1712, "the sums drawn home by the commanders of the ships in the last war were inconsiderable in comparison with what lies now before their Lordships of that nature."[41]

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[36] T. 1:166, no. 36D.

[37] The total sum expended for the Palatines was £32,071 sterling. Palatines' Accounts, C. O. 5:1230, enclosure. Of this amount England paid £10,000—the sum of a parliamentary grant. Apparently £8,000 was paid in England for launching the enterprise, so that Hunter drew at New York for £24,071. Hunter to Lords of Treasury, April 30, 1715, T. 1:189, no. 64. Hunter insisted that the naval stores project was authorized by the Queen and approved by the Treasury. It seems that the change of parties in England in 1710 accounts for the abandonment of the plan and the later rejection of Hunter's bills. Hunter's London agent was Micajah Perry. Hunter to Board of Trade, October 3, 1710, C. O. 5:1050, no. 6.

[38] An account of bills of exchange for the Nicholson expedition, T. 1:133, no. 15; bills drawn by Vetch on the Ordnance Board, July, 1711, T. 1:139, no. 10; Lowndes to Fopple, August 31, 1711, C. O. 5:865, no. 67, C. O. 5:898, no. 6; E. Harley to Lord High Treasurer, February 12, 1714, T. 1:172, no. 54.

[39] Harley to Lord High Treasurer, August 6, 1712, T. 1:150, no. 31.

[40] See bills drawn between July 13 and 25, 1711, T. 1:139, no. 48; bills drawn in July, 1711, *Idem*, no. 10; bills drawn in 1712, T. 1:150, no. 7; bills drawn by Dudley, T. 1:164, no. 8; bills drawn by C. Southack, 1711, C. O. 5:866, no. 8(i); bills drawn in favor of Edmonds and Faneuil, 1711-3, T. 1:166, nos. 10, 36C. Between June 22 and September 4, 1711, four bills were drawn at New York on the Victualling Board—a total of £2,498. T. 1:138, no. 48.

The extended use of these bills would have been a great boon to the colonists had the British Government paid them when due. But in many cases this was not done. Of the bills drawn by Hunter for the Palatines—£24,000 in all—only those for £2,000 were accepted. In April, 1715, Hunter sent a petition to the Treasury saying that he had "engaged the whole credit of both himself and friends to procure money for the said service, and is a very great sufferer thereby, having often but in vain applied to the late Ministry for redress."[42] Of the bills drawn after 1710 for provisioning warships at Boston and New York, the sum of those not paid in November, 1713 was £10,800.[43] There were difficulties also with the bills for the Canada expedition. Parliament had not made provision for this enterprise, and the departments drawn on were hard pressed to find the necessary funds. After a year's delay the plan was adopted of paying two thirds of the sum of the bills drawn in New England.[44] Hunter's bills for the expedition caused even more vexation. The Victualling Board refused to accept them on the ground that full accounts had not been sent by the governor. Finally, Auditor Harley recommended that two thirds of the sum be paid as in the case of the New England bills.[45] In 1714, the holders of Hunter's bills remonstrated that "after a very long solicitation to the late Lord Treasurer for payment of the said money and several references to the Auditors of the Impress and Commissioners of the Victualling your petitioners had part of their debt paid them in South Sea stock, which they were obliged to take at par when at a very large discount, and had no interest allowed them for being out of their money so long a time. And there is remaining yet a large part of the said money unpaid."[46]

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[41] Commissioners of the Navy to Secretary of the Admiralty, December 30, 1712, T. 166, no. 36D.

[42] Hunter to Lords of Treasury, April 30, 1715, T. 1:189, no. 64.

[43] Commissioners of the Navy to Secretary of the Admiralty, November 4, 1713, T. 1:166, no. 10.

[44] Harley to Lord High Treasurer, August 6, 1712, T. 1:150, no. 31.

[45] *Ibid.*

[46] "Memorial of Several Merchants . . . , proprietors of Bills of Exchange drawn by Colonel Hunter," 1714, T. 1:186, no. 5.

An even more extreme case grew out of a special set of bills for about £5,000 drawn in New England for the Canada expedition. The Treasury refused to pay even the customary two thirds. The reason advanced was that after the expedition had set out, two shiploads of provisions were sent back to Governor Dudley, and that these, when sold, would net the £5,000 necessary to meet the bills. Dudley sold the supplies, but the proceeds amounted to less than half the sum of the bills, and he used the money for the support of the new garrison at Annapolis. In September, 1713, Harley recommended that these bills be placed on the same footing with the other bills for the Canada expedition, and the Lord High Treasurer directed the Victualling, Ordinance, and Transport Boards to pay the requisite two thirds. But in February, 1715, the owners of the bills complained that they had "attended on the said officers but instead of getting the money paid are informed that they have made some report to the Treasury, to your petitioners unknown." This was nearly four years after the bills had been drawn.[47]

Thus such bills as a whole were of dubious value to the colonists. Their immediate effect was to stimulate colonial buying in England,[48] but because of their reception at home this stimulus could have been only temporary. In case a bill were owned by a colonial merchant, nonpayment decreased his trading capital by the amount of the debt; if owned by an English merchant, nonaccept-

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[47] Harley to Lord High Treasurer, September 9, 1713, T. 1:164, no. 8; memorial of sundry merchants to Lords of Treasury, received, February 15, 1715, T. 1:188, no. 18.

[48] The British customs estimates of the trade of New England with England make this fact clear. The figures given below represent the value in England of British exports and the value in New England of colonial commodity returns shipped directly from New England to England.

Year	Exports to New England	Imports from New England	Nominal trade balance in favor of Britain	
1701	£ 86,322*	£32,656*	£ 53,666*	
1702	64,625	37,026	27,598	
1703	59,608	33,539	26,068	
1711	137,421	26,415	111,006	
1712	128,105	24,699	103,405	
1713	120,778	49,904	70,874	C. O. 390:5

*s. and d. omitted

Thus there was a considerable increase of British exports to New England during the years 1711-12, when British payments there were the heaviest, while the value of the commodities returned to England during these years was even less than in the period 1701-3. Incomplete records of bills drawn at New England, 1711-13, show an expenditure of at least £57,000 sterling.

ance lessened for the time his ability to extend credit to colonial correspondents. The holders of Hunter's bills for the Canada expedition spoke of the "great prejudice and injury of the merchants and traders in and to those parts."[49] Dudley wrote in July, 1712, that if the merchants "should be disappointed at the receipt at home it will be a great damage and inconvenience in their affairs." Those from "whom such supplies may for the future be expected . . . are but few in these new colonies that can pretend to advance such sums out of their trading stock."[50] Later, he urged that the Boston merchants "may not be forgotten lest it be a discouragement to any future service from them, as well as the undoing those that made those supplies and depend on their bills."[51] So disagreeable was the experience of the merchants trading to the colonies that in 1713 they refused to remit money to America for the Crown unless they were paid in England in advance.[52]

On one occasion, bills drawn for British services were made the basis of an issue of colonial paper money. When the Canada expedition was fitting out in Boston (1711), the local merchants asked for an expansion of the public credit that they might supply the forces. The province thereupon issued a new set of bills of credit—for £50,000 Massachusetts money or about £35,000 sterling—to be distributed among the merchants who supplied the expedition. The bills were to pass as other paper money in the colony for a period of two years; then each merchant was required to pay into the provincial treasury, in these bills, the sum he had originally received; and the whole issue was to be retired. The province did not provide security for the new paper save the good standing of the merchants concerned. It was anticipated that the bills would be redeemed at the close of the two year term because the merchants were to receive bills of exchange drawn by the expedition commanders on the various departments of the Crown, and these bills could be converted into ready cash at Boston within the time allowed. Thus in one emergency, bills on the British Government caused a material, though temporary, expansion of the currency of the leading commercial colony.[53]

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[49] T. 1:186, no. 5.

[50] Dudley to Lord High Treasurer, July 7, 1712, T. 1:149, no. 26.

[51] Dudley to Secretary of State, October 29, 1712, C. O. 5:751, no. 82.

[52] J. Howe to Lord High Treasurer, July 2, 1713, T. 1:162, no. 42.

Throughout the course of its experience with colonial bills, the British Government naturally held to the policy of safeguarding its own interest above everything else. No suggestion of easing the money troubles of the colonies by a lenient use of the public credit was ever made. Bills of exchange became the chief means of remittance because they subjected the Crown to the least risk. The difficulties that various officials experienced led them to suggest other methods of payment. Governor Grey of Barbados proposed to supply English ships from the crown revenues in the island.[54] Robert Quary, as the provisioning agent of the West Indian fleet, advised that England send over pieces of eight for purchases in the colonies.[55] And Lord Bellomont urged that the pay of the soldiers in New York be sent in English goods which, when sold, would net a larger sum in the current money of New York than if the pay were remitted by bills of exchange. But to these proposals the Treasury turned a deaf ear. The view of the Crown was set forth in a reply of the Board of Trade to Bellomont's proposal: "as to the reason which inclines your Lordship to desire that the agent should be a merchant, that the soldiers' pay might be the more advantageously invested here in commodities and sent by sea, we do not think it of much weight, because the King for certain will not bear that risk."[56]

Furthermore, the officials at Whitehall do not seem to have been deeply concerned about the efficacy of the scheme of remittance by bills. In case an agent had been appointed in England to send money to the colonies, the paying department insisted that it had met its obligations when it had paid the money to the agent. If he defaulted, his security should answer; the King should never pay twice. When an agent failed to remit money he had received, the colonial official suffered both by being out of his salary and by having to sue in order to obtain it. Both inconveniences were injurious to the official; they might involve him in debt and even be the means of his undoing. When a department contracted with a merchant for remitting money to the colonies, it generally withheld payment until he had proved that the funds had been supplied. This rule in turn exposed the merchant to the danger of nonpayment on account of criticism at Whitehall of the way the money advanced in the colonies had been spent.

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[53] Order of Massachusetts General Assembly, July 6, 1711, C. O. 5:898, no. 10(x).

[54] Grey and Council of Barbados, July 4, 1699, C. O. 28:4, no. 42.

[55] Quary to the agent of the Victualling Board at Jamaica, April, 1703, C. O. 5:1233, no. 43.

[56] Bellomont to Board of Trade, October 17, 1700, C. O. 5:1045, no. 1; Board of Trade to Bellomont, February 11, 1701, C. O. 5:1118, 122-3.

The facts about British payments reveal in most instances the inadequacy of the methods used. The Crown seems to have been able to protect its own interests, but its employees in the colonies, the London agents of colonial troops, and merchants who supplied money were constantly in trouble. The story of colonial bills drawn for the service of the Government is a story of delays, petitions, friction, law suits, losses and exasperation. The Crown viewed the problem as it affected the Treasury, not as it affected the colonies. A lenient attitude would undoubtedly have produced great abuses, yet extreme caution inflicted hardships and injustice on worthy colonial agents. The course of British payments illustrates forcibly the difficulty of administering the far-away colonies in the days of slow communication.

CHAPTER VIII

COMMODITY MONEY

> The merchants live the best of any in that country [Virginia], but yet are subject to great inconveniences in the way of their trade, which might be avoided if they had towns, markets, and money—Hartwell, Chilton, and Blair, *The Present State of Virginia* (1696).

The currency problem in colonial times, as now, was vitally affected by debts, taxes, and other fixed charges. The debts of the colonies arose from the importation of foreign goods by which alone they could maintain a European standard of living. Since such goods were transported three thousand miles or more, they retailed at high prices to colonial consumers. The proceeds were divided among English manufacturers, English exporters, English and colonial shipowners, and colonial distributors. In the sugar islands and the tobacco colonies, the planters bought directly through English merchants, and because the produce returned did not equal in value the slaves, servants, and merchandise imported, the merchants assumed the rôle of creditor. In the other colonies the farmers became indebted to local shopkeepers or agents of merchants operating in Boston, Philadelphia, New York, and Charleston. The colonial distributors in turn frequently bought from English merchants on a credit basis.

All the time an increasing population working a fertile virgin soil was swelling the surplus of a few staple farm products. Yet the settlements lacked an adequate currency. England did not permit the exportation of her own coin to the colonies. Nor after 1684 did she allow them to operate mints. Such coin as they obtained speedily departed to England in payment for manufactured goods. Their especial problem, therefore, took the form of finding a currency that would acknowledge the increase of property values and uphold the price of the products they had for sale. Their debts remained fixed in value—expressed in pounds, shillings, and pence. They felt it imperative that prices of their surplus products should not be depressed by a scarcity of money—that they should not be called upon to pay an increasing quantity of their surplus in order to buy a dwindling supply of English goods or to discharge their existing debts.

The amount of coin in the plantations determined their experience with other currency expedients. In the absence of English money, the colonists had to depend on foreign coin—principally Spanish pieces of eight. Of course an exact statement of the amount of such coin in use cannot be made. Some colonies were more favored than others, and the quantity in circulation in each region varied considerably from year to year.

In the British West Indies a uniform currency, even of foreign coin, did not exist. The Leeward Islands, for instance, having very little specie, used sugar as the common medium of exchange.[1] Barbados, on the other hand, obtained a larger supply of coin, but not enough to provide a local currency. In 1669 it was reported that the island lacked a "money trade" and that all things were "bought and sold by way of truck." But by 1691 the Assembly had designated pieces of eight as "current money." About the same time, however, the governor remarked that coin remained extremely scarce. In 1706 several planters of Barbados residing in England recommended that "since there is not silver sufficient to negotiate the trade of the island, sugar should be made use of instead . . . . , as it was about thirty-five years ago."[2]

Jamaica held the favored position. After 1680 her trade with the Spanish colonies brought in large quantities of silver. Only Spanish money circulated in 1698. Jamaica was the only colony in which the settlers ever complained of an excess of specie. In 1688, certain London merchants condemned a local court decision against the importation of coin, and four years later the governor rebuked the Assembly for its "being dissatisfied at the trade of the assiento, and their bringing money hither." The planters felt that an abundance of coin led outside traders to export money instead of sugar. Informed observers explained the island's supply of coin by the state of the Spanish trade: money was plentiful when the trade was good and scarce when the trade was bad. Sugar, however, was the principal form of remittance to England. The Royal African Company, for instance, sent home sugar instead of silver for most of the slaves it sold to the planters.[3]

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[1] Codrington to Lords of Trade, July 13, 1691, C. O. 152:38, no. 33.

[2] *Ibid.*, Blake to the King, February 28, 1669, C. O. 1:67, no. 95; Stede to Lords of Trade, September 19, 1687, C. O. 1:63, no. 38; paper presented to Board of Trade by Barbados planters, November 7, 1706, C. O. 28:9, no. 19(i).

The position of Massachusetts on the continent resembled that of Jamaica in the islands. Evidences of coin in the former colony are fairly numerous. In 1675 John Hull in one shipment transmitted £18 in Spanish gold to England. A large estate settled in 1685 contained £580 in foreign coin and plate, in addition to £23 in New England money and £60 in English coin. Massachusetts obtained a certain amount of silver by dispatching vessels to search for Spanish treasure ships that had been lost at sea: in 1688 the King's tenth of silver from a wreck amounted to £200. "There is practically only Spanish money in New England": this described the condition in 1691. Sir William Phips about this time possessed £415 in silver, and Bellomont in 1699 mentioned a payment of 500 pieces of eight out of his own "little stock."[4]

But these evidences of coin are accompanied by many complaints of scarcity. An act of 1672 declared that pieces of eight were being carried out of the colony. The scarcity of money in 1686 was given as the reason for establishing a bank to issue paper currency. During the next decade the Dudley company urged that the lack of coin in Massachusetts made it difficult to start mining and manufacturing enterprises because of the inconvenience of paying workmen's wages. In 1697 the Assembly proclaimed emphatically that the supply of coin was insufficient for trade and public business, and in 1700 a committee was appointed to consider the ways and means of reviving and supporting commerce and "to enable the inhabitants . . . [to] pay public taxes by endeavoring to find out some suitable medium to supply the scarcity of money."[5] In New Hampshire most of the settlers managed to get along without coin, for such of it as arrived was soon shipped away. Connecticut fared no better: one of its difficulties in 1709 was "the great scarcity of money." Rhode Island at least could procure a larger supply of coin, but retaining it was a different matter. The places to which the colony exported money included Boston, New York, New Jersey, and Pennsylvania.[6]

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[3] J. Flavell to Beeston, December 24, 1698, *Cal. St. Pap. A. & W. I.*, 1697-8, p. 57; petition of planters and merchants trading to Jamaica, 1688, C. O. 1:65, no. 87; Beeston to Assembly, October 7, 1693, C. O. 140:2, 145-6. The invoices of goods shipped home from Jamaica by the Royal African Company indicate that, in the period 1680-1700, a sum of £25,000 in gold and silver coin was sent on the Company's account. Each shipment included large quantities of sugar. It seems likely that the coin represents the proceeds of slaves sold to the Spanish colonies and that the sugar represents the proceeds from sales to the Jamaica planters. T. 70:941-9.

[4] Weeden, I, 315, 316-17, 382; Andros to Lords of Trade, April 4, 1686, *Cal. St. Pap. A. & W. I.*, 1685-8, p. 524; memorial of Phips and Mather, November 9, 1691, C. O. 5:856, no. 202; letter of Bellomont, November 29, 1699, C. O. 5:861, no. 4.

New York at times had relatively large amounts of coin in circulation. In the decade after 1690 the leading men of the province kept accounts in dollars and pieces of eight. When Mr. Nichols went to England as agent for the colony he received £1,000 toward his expenses: £322 in pieces of eight, and the rest in bills of exchange. The lion dollar was especially in evidence in 1693—coins described as having "spread themselves in great numbers from Carolina and Pennsylvania into all the country." After 1700, however, a shortage of money set in. The acting governor wrote in 1701 that "coin is at present very scarce, the merchants finding specie their best returns for England"; and Cornbury later observed that there was no heavy money in the province—only light, mutilated pieces of eight. This condition extended to New Jersey, where it was said, in 1704, that coin was "very scarce" among the inhabitants.[7]

The experience of Pennsylvania with foreign coin paralleled that of New York. Before 1700 the supply appears to have been abundant. There are many evidences of pieces of eight in use. In 1697, Governor Nicholson charged that a large stock of money in Philadelphia was drawing settlers from Maryland to Pennsylvania.

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[5] Felt, *Massachusetts Currency,* 41; Dodd, *Monetary History,* 233; proposal of Dudley Co., January, 1694, C. O. 5:858, no. 4; act of December 22, 1697, *Massachusetts Acts and Resolves,* I, 306; Davis, *Currency and Banking,* II, 81.

[6] Address of New Hampshire Assembly to Usher, May 18, 1694, C. O. 5:924, no. 32(ii); Usher to Board of Trade, June 28, 1708, C. O. 5:864, no. 225; Connecticut act of June, 1709, C. O. 5:538, 145; Cranston to Board of Trade, December 5, 1705, C. O. 5:1264, no. 92(ii).

[7] Minutes of New York Council, March 28, 1691, C. O. 5:1183, 240; Bellomont to Popple, July 7, 1698, C. O. 5:1040, no. 84; for Nichols mission, 1695, see C. O. 5:1040, no. 18; New York merchants to Cornbury, *ca.* February, 1705, C. O. 5:1048, no. 105(i); Nanfan to Board of Trade, July 9, 1701, C. O. 5:1046, no. 20; Cornbury to Board of Trade, C. O. 5:1048, no. 59; Quary to Board of Trade, May 30, 1704, *Cal. St. Pap. A. & W. I.,* 1704-5, p. 141.

But after 1700 a money shortage occurred. James Logan wrote, about 1703, of "no trade, no money coming in, nothing to pay in but wheat and no sale for that." "Were the country people ever so willing, nay were it to redeem their lives, they cannot now raise money." The scarcity of coin in the three lower counties was described in 1705 as "almost incredible." In 1705, Governor Evans found Pennsylvania's coin supply so far exhausted that it hardly served for the smallest transactions, "trade being become for the most part no other than a barter." Formerly money had not been scarce, "whilst the Spanish trade for provisions was open."[8]

Both Maryland and Virginia had to get along with very little coin. An observer in 1671 found that Maryland carried on its trade chiefly by a direct exchange of commodities, although the province had a small quantity of foreign money. Early in King William's War, however, an acute coin shortage existed. The colony "had not one penny of money" in the treasury, and the representatives could not obtain enough coin to pay their daily expenses while attending the Assembly. The Reverend Hugh Jones noted the presence of Spanish and English coin sufficient only to serve as pocket money in the smallest dealings. During fifteen years, 1700-15, the annual payments from the provincial treasury were made in coin in only a single year. Governor Blakiston found the stock of money to consist of a few lion dollars and a few pieces of eight. The House of Delegates in 1702 declared that to raise money by taxing the people "is utterly impracticable here for there's several hundred families, nay the greatest part of the whole province, have not five shillings by them nor any means to raise it because there is very little amongst us." And in 1706 an official statement avowed that the province "is wholly destitute of any manner of coin for want of which we labor under the greatest difficulty."[9] Of the state of affairs in Virginia Spotswood wrote in 1710 that money was a minus quantity, "there being now only tobacco, which is a specie so incommodious to receive small payments in." The earlier description of Virginia by Hartwell, Chilton, and Blair pictured a Virginia that was practically destitute of a money economy.[10]

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[8] Pennsylvania Council minutes, *Pennsylvania Colonial Records*, I, 209, 228; Nicholson to Board of Trade, July 13, 1697, C. O. 5:714, no. 25; for Logan's statement see Isaac Sharpless, *Political Leaders of Provincial Pennsylvania* (New York, 1919), 119; Evans to Board of Trade, November 9, 1705, C. O. 1263, no. 63; Penn to Board of Trade, April 21, 1703, C. O. 5:1262, no. 27; Pennsylvania merchants to Evans, *ca.* 1705, C. O. 5:1263, no. 66(i).

[9] Dodd, *Monetary History*, 230; address of Maryland Council and Assembly, June 11, 1697, C. O. 5:714, no. 25(viii); report of Maryland Assembly committee on grievances; October 1, 1694, C. O. 5:740, 346; Morriss, 28-9; Blakiston to Board of Trade, May 25, 1701, C. O. 5:715, no. 39; address of Assembly, March 24, 1702, C. O. 5:744, 275; address of governor, Council and Assembly of Maryland to the Queen, 1706, C. O. 5:716, no. 18.

In the quest for coin South Carolina fared better than the tobacco colonies. An act of 1691 said that great quantities of light Spanish money and other coin were being brought into the colony. The money, however, was not distributed evenly among the settlers. This is illustrated by the financial regulations of the proprietors. They adopted a currency policy for quit-rents different from that pertaining to land sales. Quit-rents might be paid in either Spanish money or colony produce, but land could be bought only with English or Spanish coin. Since the whole body of inhabitants paid the quit-rents, the permission to tender produce indicates that it was the common currency; the rule for buying land with coin alone indicates that it was used in exceptional rather than in ordinary payments. Furthermore such money did not remain within the province. This is explained partly by the proprietors' practice of shipping to England the coin collected on their account. More important were the excess of imports over exports and the corresponding remittances of gold and silver to the mother country.[11]

The supply of foreign coin in the colonies, although never sufficient for their needs, fluctuated in amount from time to time. Two distinct periods may be distinguished. During the years 1690-1700 the complaints of coin shortage were not so numerous as those of the years between 1700 and 1715.[12] Some of the colonists explained the scarcity of the second period by the wartime interruption of their trade with the Spanish colonies. A more important factor, probably, was the suppression of piracy after 1700.[13]

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[10] Spotswood to Board of Trade, August 24, 1710, C. O. 5:1316, no. 54; Hartwell, Chilton and Blair, 1696, C. O. 5:1309, no. 36(i).

[11] Act of December 11, 1691, *South Carolina Statutes*, II, 72; Carolina proprietors to receiver of quit-rents, October 6, 1690, C. O. 5:288, 166-7; proprietors to South Carolina Council, May 13, 1691, C. O. 5:288, 181; proprietors to Archdale, August 31, 1694, C. O. 5:289, 17; proprietors to Archdale, June 7, 1696, C. O. 5:289, 32; proprietors to receiver-general of North Carolina, February 2, 1710, C. O. 5:289, 240; governor and Council of South Carolina to Board of Trade, C. O. 5:1264, no. 86.

[12] John Tyzack stated in 1700 that there were great quantities of Spanish money in Pennsylvania, New York, New Jersey, New England, and Carolina. C. O. 383:3, no. 74.

[13] See Chapters 1 and 3.

In the earliest days of settlement the shortage of coin had forced the colonists to use certain commodities as money. Among such products of most consequence were wheat, beef, and pork: all these were commonly employed in Carolina and in the colonies north of Maryland. Tobacco and sugar were also of major importance, for they formed the principal currency of two important regions. The Leeward Islands relied on sugar for transacting all sorts of business; so did Barbados to a lesser extent. The middle colonies and North Carolina used tobacco along with many other forms of commodity money; whereas Virginia and Maryland depended upon it almost entirely

A second group of commodities in the northern area, although not so important as those of the first group, included peas, Indian corn, barley, and rye. In South Carolina rice likewise became popular. The third group consisted of commodities that were less commonly used—such as lumber and fish in New Hampshire, flax and hemp in Pennsylvania and Maryland, wool in Rhode Island, pitch and tar in Carolina, and cattle and dairy products in southern New England.[14]

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[14] Of North Carolina, the Reverend William Gordon wrote in 1709: "In this as in all other parts of the province, there is no money; every one buys and pays with their commodities, of which corn, pork, pitch are the chief." Quoted in C. J. Bullock, *Essays on the Monetary History of the United States* (New York, 1900), 125. A South Carolina act of 1687 defined the following commodities as money: wheat, peas, pork, beef, tobacco, and tar. *South Carolina Statutes,* II, 37. An act of March 16, 1696, continuing the use of these commodities was not repeated until 1731, C. O. 5:411, 45, 556. East New Jersey in 1692 used wheat, Indian corn, butter, pork, beef, and tobacco. *New Jersey Grants,* 324. The list of money commodities in New York at this time included pork, beef and winter wheat. C. O. 5:1050, no. 7(iv). The Massachusetts products in 1690 were wheat, Indian corn, barley, peas, oats, pork and beef. Weeden, I, 382. New Hampshire in the years 1701-9 listed eight kinds of boards or staves, four kinds of fish as well as pork, beef, peas, wheat, and Indian corn. C. O. 5:862, no. 109; *New Hampshire Laws,* C. O. 5:951, 17-18, 74, 89-90, 94. The common products of Connecticut were wheat, peas, Indian corn, rye, pork, and beef. Connecticut Acts (1702), C. O. 5:537, 101; act of 8 June, 1709, *Colonial Records of Connecticut,* 1706-16, 112. Between 1710 and 1720 commodities were not authorized as tax money in Connecticut, but in October, 1720, as a result of the scarcity of other money, the General Court again agreed to receive wheat, rye, and Indian corn. Henry Bronson, "A Historical Account of Connecticut Currency . . . ," in *Papers of the New Haven Historical Society* (New Haven, 1865), I, 38. Pennsylvania by acts of 1683, 1693 and 1700 made hemp, flax, wheat, rye, oats, barley, Indian corn, tobacco, beef, pork, and hides current money. *Pennsylvania Colonial Records,* I, 102; *Pennsylvania Charter and Laws,* 229; *Pennsylvania Statutes,* II, 126. For the use of sugar in Barbados and the Leeward Islands, see Pitman, Chapter 6. Regarding tobacco as money, see Andros to Shrewsbury, June 4, 1695, C. O. 5:1507, no. 24; Nicholson to Board of Trade, March 5, 1705, C. O. 5:1314, no. 43; Beyrens, 13.

Commodity money differed from simple barter in one important respect. The various colonial assemblies enacted that certain products should be received in payment of taxes and all other public debts. These commodities were then called current money or, in some places, country pay. They were paid out by the colony to its creditors; their use in all public transactions was compulsory; they alone among local products could be received and disbursed. Consequently they differed in legal standing from all other commodities that were bartered in private, individual agreements. There was always a local demand for commodity money commensurate with the fiscal needs of the colonial government; hence a person could receive a designated product with the assurance of disposing of it again in payment of taxes. Generally speaking, the commodities defined as country pay were used widely in ordinary private business. Such a use of produce currency, however, should be differentiated from simple barter, whereby a settler traded an article he possessed for another product he wished to consume. In employing commodity money, a person sold goods in order to secure something he did not intend to consume, but which he expected to exchange again for some other product. In this transaction, the intermediate commodity performed the function of money. Ordinarily, if a Virginian received tobacco in payment of debts, he did so, not with the purpose of using the tobacco himself, but of making other purchases with it. He could do this because its standing as currency was guaranteed by law.

The colonies most dependent on commodity money were those which did not have trading centers of their own. Its use was most marked in Virginia, Maryland, North Carolina, Connecticut and New Hampshire. Massachusetts freed herself from it in 1694 by enacting that it should no longer be received in payment of taxes.[15] Although Pennsylvania and New York had larger supplies of coin than most of the other colonies they too had to depend partly on country pay. In 1692 pork, beef, and wheat composed the list of acceptable commodities in New York. The Council of Pennsylvania observed in 1695 that since taxes had to be paid "out of the crop that is now upon the ground," the "proper time of payment thereof is in the winter."[16]

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[15] Weeden, I, 382; Bronson, 22.

[16] Pennsylvania Assembly to the governor, June 29, 1695. *Pennsylvania Colonial Records*, I, 481.

Commodity money served both as a standard of value and as a medium of exchange. It did not prove satisfactory, however, in performing either function. Its history is a story of defects and complaints.

As a standard of value, commodity currency presented one essential problem—that of determining the true worth (or the quality and price) of the products employed. In addition, there was an important distinction between the use of commodities in public payments and in private transactions.

A striking resemblance appears in the rules of all colonies governing commodity money as a standard of value. The assemblies generally assigned to the designated products a legal price. Thus in Connecticut, wheat was defined as money, one bushel at one time worth 4s. The currency commodities were then used in all public payments, passing at their legal values.[17] The colonial custom further required that the designated commodities should

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[17] A South Carolina act of 1687 set up the following schedule of prices: corn 2s. a bushel, Indian peas, 2s. 6d. a bushel, English peas 3s. 6d. a bushel, pork 20s. a hundredweight, beef 2d. a pound, tobacco 2d. a pound, tar 8s. a barrel. *South Carolina Statutes,* II, 37. An observer in North Carolina found the money price of commodities three times that of their value in sterling. Bullock, 125. Acts of Pennsylvania in 1693 and 1700 did not set legal prices of commodities designated as money. However, the laws indicated that the commodities had a higher value when used as than when exchanged for coin. *Pennsylvania Charter and Laws,* 229, *Pennsylvania Statutes,* II, 126. The prices established by a New York act of 1692 were: pork 50s. a barrel, beef 32s. 6d. a barrel, winter wheat 4s. a bushel. C. O. 5:1050, no. 7(iv). The New Jersey rates (1692) were similar: winter wheat 4s. a bushel, beef 30s. a barrel, Indian corn 2s. a bushel, butter 6d. a pound, tobacco 3d. a pound. *New Jersey Grants,* 324. The Massachusetts price level in 1690 was slightly higher: wheat 4s. 6d. a bushel, Indian corn 3s. a bushel, barley 4s. a bushel, peas 4s. a bushel, oats 18d. a bushel, pork £3 a barrel, beef 36s. a barrel. Weeden, I, 382. The list in Connecticut in 1709 consisted of pork 50s. a barrel, beef 30s. a barrel, rye 2s. 4d. a bushel, winter wheat 4s. a bushel, Indian corn 3s. a bushel. *Colonial Records of Connecticut,* 1709-16, 112. Changes in legal prices are revealed in four acts of New Hampshire, 1705-09:

	1705	1707	1708	1709
Pine boards, per M.	25s.	27s.	30s.	30s.
White oak pine staves per M.	70s.		60s.	60s.
Red oak hhd. staves, per M.	17s.		13s.	19s.
Barrel staves, per M.	17s.		13s.	19s.
White oak hhd. staves per M.	25s.	30s.		30s.
Barley malt, per bushel	3s.			
Peas, per bushel	4s.	4s.	4s.	4s.
Codfish, per quintal	14s.			
Skale, hake, haddock, per quintal	10s.		14s.	
Pork, per pound	2½d.	2½d.	3d.	3d.
Beef, per pound	1½d.	1½d.	2d.	2d.
Wheat, per bushel		4s. 6d.	5s.	5s.
Barley, per bushel		2s. 6d.	3s.	3s.
Indian corn, per bushel			2s. 9d.	2s. 9d.

C. O. 5:951, 17-18, 74, 89-90, 94.

be used in all private payments, unless contracts expressly called for another kind of money. In such private dealings, however, the legal prices did not apply. The two parties determined the quality and price of the tendered commodities; failing in this, they referred the issue to impartial umpires. The invariable practice of the assemblies in valuing commodities for public payments was to set the legal prices higher than the prevailing market rates.[18]

Whether commodity money was tendered in public or in private payments, there was a tendency for the payer to deliver his most inferior products. The commodities used as money were the staples of a region; hence most farmers raised them, and in doing so operated mints. Great was the temptation to put worthless products into circulation. Gresham's law certainly governed commodity currency, for the settlers were prone to pass off their worst products in local payments, withholding the best grades for sale abroad. This practice created manifold difficulties, because of the wide differences in the quality of the commodities. Virginia tobacco, for instance, might be the best produced anywhere or it might be worthless trash.

The problem of the value or quality of commodity money in the north is illustrated by the use of wampum. The Indians seem to have made counterfeit beads of stone or other "unallowed matter," which they passed off on the English. The colonial traders selected only the best wampum for the Indian trade, since their customers were the keenest judges of the true quality of such currency. This process left only the worst specimens in circulation in the New England towns. Accordingly the Commissioners of the United Colonies recommended that no wampum should be paid or received unless it was "in some measure strung suitably, not small and . . . disorderly mingled as formerly." Connecticut embodied this suggestion into law.[19]

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[18] South Carolina in 1687 made its money commodities legal tender in all private business at the statutory prices. Contracts specifying other currency, however, were excepted. In North Carolina an act of 1715 made 17 commodities legal tender. Apparently no price schedule was established, and the law excluded bargains that called for other forms of payment. The acts of Pennsylvania made the money commodities legal tender. No legal prices were set: payments were to be made at market rates, and special agreements that required silver or other commodities were not affected. The New York and New Jersey acts of 1692 did not compel the acceptance in private dealings of commodities as evalued at the legal or public rates. The practice in New England was to allow private parties to decide upon the kind of pay to be used, and to determine the value of commodities exchanged. A Jamaica act of 1683 (which continued in force until 1751) made the produce of the island payable for debts, but the value of the produce offered was to be determined by the churchwardens of the parish. Barbados also made sugar legal tender for debts, but after 1680, did not prescribe arbitrary legal values for the produce used. Pitman, 139. A Maryland relief act of 1713 provided that if a creditor refused to accept tobacco tendered by a debtor, the latter might require the justice of the peace to appoint two judges to ascertain whether the value of the tobacco offered was sufficient to discharge the debt. If it was so adjudged, the creditor was obliged to receive it or to surrender his claim on the debtor. C. O. 5:729, 72.

About this time the town of New Haven was having much trouble with bad wampum. In 1652 a complaint stated that the good wampum was sent away, "and that little other but refuse wampum passes in the town for payment of workmen's debts and other occasions." An alarming condition had already arisen in the church, for it had been found that what wampum "goes too and fro is so bad that men cannot pay it away but [it] is returned, and some refuse to take it at all, and the deacons informed the Court that the wampum that is put into the church treasury is generally so bad, that the elders to whom they pay it cannot pay it away but it is returned to them again." This "corrupt frame" and "respect withdrawn from so bounden a duty" persisted until the town meeting ordered that bills and silver be paid into the church treasury instead of wampum.[20]

The defect of meat and grain as money was somewhat different. Pay once good might deteriorate, and this evil had to be guarded against. One precaution was the commonly stated requirement that meat be good and merchantable or fit for the market, or that corn "be sweet and clean and every way well conditioned." New York, in allowing payments in pork and beef, ordered what they should be valued by the barrel and "well repacked by the sworn packer" of the province. The colony of New Haven enacted in 1654 that in "every plantation . . . there shall be a viewer of corn, that in case of difference may judge, whether it be well dressed and merchantable or no, which man is to be chosen by each plantation, and shall be under oath to judge faithfully when called to it, and is to be paid for his time spent and pains therein by him whose corn is faulty, or who unnecessarily occasions the trouble." Connecticut adopted this device in 1674, extending it to pork as well as grain.[21]

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[19] *Plymouth Colony Records*, IX, 136-7; *Colonial Records of Connecticut*, I, 546.

[20] *New Haven Town Records*, I, 17-18, 21-2, 23, 98, 128, 211.

[21] New York act of 1692, C. O. 5:1050, no. 7(iv); Connecticut act of June, 1709, C. O. 5:538, 146; *New Haven Colony Records*, II, 98, 154; *Colonial Records of Connecticut*, II, 224.

Many disputes arose over the value of tobacco currency. Since commodity money was perishable, the last receiver of it had to sell it as merchandise at its ordinary market price in order to convert it into some more durable value. Such market prices depended largely upon the quality of the product; hence the value of the commodity in private exchanges depended upon the grading of it by the payer and receiver. Tobacco currency therefore might be debased by giving inferior grades a deceitful appearance of good quality. Maryland in 1698 found it necessary to legislate against the fraud of packing trash in hogsheads that contained good tobacco on top.[22] Virginia adopted a similar measure in 1705, but apparently it did not afford relief, for early in Governor Spotswood's term the old conditions still prevailed.[23] Spotswood described a party in the province—a body of planters who deliberately raised inferior tobacco and labored to prevent the improvement of the quality of the crop that they might the more easily meet their tobacco obligations. Dishonest "courses" in tobacco payments, he said, "were grown so habitual and general that it was to be feared at long run, there could scarce be found men in Virginia who durst make a law against those fraudulent dealings." There was "a set of people whom all the meaner sort of planters cry up for honest men, for lovers and patriots of their country, and for friends to the poor; and this general character often sets them up for candidates in the election field (where the votes and humors of the lowest mob do at present decide who shall be the representatives in Assembly) and also recommends them for tobacco receivers to merchants and masters of ships who come hither to purchase that commodity." "The vulgar in these parts reckon him only the honest man who inclines to favor their interest; he is the lover of this country who in all controversies justifies the Virginian, and in all dealings is ready to help him over-reach the foreigner, . . . and lastly him they call a poor man's friend, who . . . never judges his tobacco to be trash."[24]

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[22] "An Act for Securing Merchants and others' Tobacco against false packing," May 25, 1715, C. O. 5:729, 129.

[23] Nicholson to Board of Trade, October 22, 1703, Board of Trade to Nicholson, March 28, 1705, C. O. 5:1361, 57, 64; "An Act for improving the Staple of Tobacco . . . ," C. O. 5:1314, no. 27(iii); Order in Council, April 1, 1708, confirming the act, C. O. 5:1362, 293-4. Spotswood to Board of Trade, November 16, 1713, referred to the Virginia tobacco trade, "which owes its ruin in a great measure to the pernicious (tho ancient) practice of discharging all public debts by tobacco payments. This has been the occasion of making all the trash which hath clogged the market and brought this country tobacco in discredit abroad, and given opportunity to innumerable frauds and unjust dealings among the planters themselves, to the destruction of all commerce as well as the public credit." C. O. 5:1317, no. 23.

Spotswood's remedy for the ills of the colony aimed to improve the quality of tobacco thereby increasing its market price abroad and at the same time raising the real value of the currency in which official salaries, quit-rents, and other public revenues were paid. To encompass this he drew up a bill of which he styled himself the sole author. It provided for the erecting of a number of public storehouses to which tobacco was to be brought for inspection and storage. If the tobacco proved good, the storehouse agent would issue notes for the amount stored, and these notes were to pass from hand to hand as an approved form of currency. Any person who accepted one of these notes received the title to the tobacco; he might sell the tobacco, or he simply might use the notes in ordinary local payments.[25] Incidentally, Spotswood hoped, by means of this system, to dominate the Assembly. Forty new offices, each with a salary of £250 yearly, were to be at the governor's disposal; these he expected to distribute among the burgesses and thereby to control their votes.

The cheap money party opposed the act so resolutely in the Assembly that only "with some address and great struggle" could Spotswood get it passed. The Council, on the other hand, unanimously supported the plan. The opposition did not cease with the enactment of the law, and the Assembly was soon called upon to provide against the crime of burning the newly created storehouses. Spotswood hastened to explain that this did not indicate a general aversion to the scheme; only a disgruntled minority had tried to prevent the reform. He also reported with satisfaction that the new regulation, by 1715, had raised the public credit more than 200 per cent.[26]

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[24] Spotswood to Board of Trade, December 29, 1713, C. O. 5: 1317, no. 20.

[25] Ms. copy of the act of 1713 is *Ibid.*, no. 20(ii).

[26] Spotswood to Board of Trade, January 27, March 28, 1715, C. O. 5:1317, nos. 27, 28. On May 24, 1716, Spotswood wrote to the Board of Trade: "The tobacco law which everyone now owns to be of singular advantage to the country, the raising the price of that commodity has been treated as an unsupportable burden and trouble imposed upon the people . . . there are men who are never easy under any government whatsoever, where they themselves have not the chief direction of affairs, and enjoy the greatest share in the profit; such is the temper of a set of men here, with whom no governor ever has or will be easy, when once he endeavours to promote the service of the Crown in opposition

In the years after 1680 most conflicts that arose out of commodity money in the southern colonies related to special payments of a fixed character. Especially important in this connection were the revenues of the Crown. In Antigua the 4½ per cent duty in 1685 was paid in sugar; and the collectors had to set a price on the sugar tendered. The Council at this time ordered that the duty should be collected in sugar priced at 1½d. a pound. The market price, on the other hand, was only 1d. a pound. As this order threatened the Crown with the loss of a third of its revenue, the governor was instructed to keep in touch with current prices and to see that sugar was not overrated when received on the Government's account.[27]

The collectors soon complained that the planters tendered their worst sugar in payment of the duty. As a remedy the collectors required that the duty should be paid in coin; for each pound of sugar due they demanded a sum of money equal to the market price of the sugar. The planters now claimed that the collectors, in commuting sugar payments into money, set the price of sugar too high, thereby forcing the planters to pay an unduly large amount of coin. The Assembly therefore requested that when the collectors objected to the duty sugar on the grounds of poor quality, the local justice of the peace should appoint three arbiters who should determine its value—an arrangement that would obviously benefit the planters.[28]

The difference in the values of sugar as money and as a commodity marketable in England often endangered the salaries of royal officials in the colonies. At the island of St. Kitts, Governor Parke complained that he received his salary in sugar valued at 18s. a hundredweight at a time when the market price was only 6s.—and that he had to accept the island price as if it represented full sterling value. His salary was supposed to be £1,000 sterling; yet the nominal £1,000 he received in sugar had a sterling value of only a third of that amount.[29]

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to their private interest. . . . These are the men who look upon all persons not born in the country, as foreigners, and think that no other qualification is necessary for an employment, nor ought to be considered in the disposal thereof, but of being born in the country. . . . The bulk of the country, especially those of most consideration, are still free from the infection." C. O. 5:1317, no. 44.

[27] Order of deputy-governor and Council of Antigua, November 18, 1686, C. O. 153:3, 250; Order in Council, March 4, 1687, *Ibid.*

[28] C. O. 152:3, no. 16.

[29] Parke to Board of Trade, C. O. 152:7, no. 27.

On the whole the quit-rents were the most prolific source of disagreements and quarrels. After 1684 most of the Virginia quit-rents went to the Crown and were disposed of as it thought proper. Back in 1662 the Assembly had passed a law allowing the payment of these dues (previously fixed at 2s. a hundred acres) in tobacco valued at 2d. a pound. This rate, which was often in excess of the market price of tobacco, remained legally in force until the Crown in 1685 ordered that the rents should thenceforth be paid in money. The planters protested loudly that they did not have enough coin to do this, and asked repeatedly to have tobacco received at the former rate of 2d. a pound. The Crown compromised by sanctioning payment in tobacco, at the same time disallowing the act of 1662 which evalued quit-rent tobacco at the 2d. a pound rate. Effingham then (1686) directed that a new rate of 1d. a pound should go into effect. Even this, he declared, was a concession to the planters, as the market price of tobacco had already fallen below that figure. Thereafter two complaints were leveled against the penny a pound payments. The colonists tendered their worst tobacco, and the market price of the product often went below 1d., so that when the amount collected was sold, the revenue of the Crown dwindled away.[30]

In Maryland likewise tobacco did not prove to be the best kind of quit-rent money. After 1669, lands were granted by the proprietor subject to a rent of 4s. a hundred acres. The Assembly at one time tried to evaluate tobacco at 3½d. a pound when used to pay quit-rents, although the market price was only 1d. a pound. This attempt failed, and a compromise was struck in 1671. Tobacco was to be received at 2d. a pound, and in addition a duty of 2s. for each hogshead exported was granted to the proprietor, half of which was to make up the loss arising from the excessive evaluation of quit-rent tobacco. In 1688, the Assembly petitioned for the continuation of this agreement. It asserted that the collectors were then endeavoring to collect the rents in tobacco valued at its market price, "to the great grievance and oppression of the people." The Council proposed a new scheme—that of receiving quit-rent tobacco at its sterling value and of reducing the hogshead duty to 8d. The inhabitants, wrote the Council to Baltimore, "have (as it were) your Lordship's whole province for nothing." But the Assembly rejected the suggested change, and the old arrangement continued until 1717, when the quit-rents were abandoned altogether by the proprietor in return for a duty of 3½s. a hogshead, 2s. of which was to compensate for their loss. During the early years of Queen Anne's War, the rents (then payable in tobacco at 2d. a pound) were scarcely worth the trouble of collecting.[31]

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[30] Beer, *Old Colonial System*, I, 193; Sunderland to Effingham, C. O. 5:1357, 113; petition of Assembly to Effingham, November 19, 1685, Effingham's reply, C. O. 5:1407, 279-80; second petition of Burgesses, second reply of Effingham, November 27, 1685, C. O. 5:1407, 283-4; the King to Effingham, August 22, 1686, C. O. 5:1357, 112-13; petition of Burgesses to Effingham, November 2, 1686, Effingham's reply, November 8, 1686, C. O. 5:1407, 346, 357.

In the class of fixed payments belonged the salaries of the Anglican clergy in Virginia. Tobacco was the form of currency used. In 1696 the clergy complained that tobacco was forced on them at the rate of 12s. a hundredweight—nearly 1½d. a pound. "We cannot but look upon it as a great grievance," they asserted, "when no other person besides ourselves are obliged to take tobacco at so high a rate. . . . His Majesty's quit-rents which consist of the same sort of tobacco are not sold for so much as half that price." The burgesses replied that the salaries were adequate—even those of ministers "whose lives and conversations merit it." It was true that the price of tobacco varied from year to year, "but it may be as truly observed, that their state keeps equal pace with the planters' and their yearly maintenance is suitable to the fortune of him that pays it." Some of the clergy during the year of complaint had sold their salary tobacco at 16s. or 20s. a hundred. Moreover, each of the ministers received annually between two thousand and four thousand pounds of tobacco in incidental fees: "they seldom or never have less than five hundred pounds of tobacco and cask for a funeral sermon and sometimes a thousand. For every marriage by license the laws give them twenty shillings or two hundred pounds of tobacco . . . and if at a private house they marry any person they have for it one hundred pounds of tobacco at least." On the whole the burgesses failed to see any merit in the complaint of the clergy that the parishes, in paying the salary tobacco, valued it at an excessive rate.[32]

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[31] B. W. Bond, *The Quit-Rent System in the American Colonies* (New Haven, 1919), 178-81; Maryland Council to Baltimore, January 19, 1689, C. O. 5:739, 205-6.

[32] Address of Virginian clergy to Andros and Council, June 25, 1696, C. O. 5:1309, no. 17(i); reply of Burgesses, October 31, 1696, *Ibid.*, no. 17(ii).

The tobacco colonies, by using their staple product as money, placed themselves in a serious dilemma. The two things the planters wanted above all else were a good market price for their yearly crop and a currency that would enable them to pay their debts. The first entailed a reduction in the amount of tobacco grown and an improvement in the quality of the product sent to market. But as long as debts and other fixed payments like crown revenues and quit-rents were discharged with tobacco money, any advance in the current price of tobacco had the effect of increasing the real amount of debts and other charges payable in that currency. The planters had generally succeeded in meeting all regular claims with tobacco valued at an established rate; to reduce the quantity, improve the quality, and raise the market price of tobacco without decreasing the amount of it due for debts and other fixed charges would thus have taken from the planters an additional sum in purchasing power.[33]

Throughout the seventeenth century tobacco prices followed a downward trend; the demand for the commodity abroad did not keep pace with production in America. The underlying remedy was to supplement tobacco growing with other industries. The use of tobacco as money, however, made such a change difficult; it even encouraged most of the planters to rely mainly on tobacco. A district that did not raise tobacco had to obtain it from the outside in order to make its public payments. The Maryland Assembly once heard that traders who did not plant tobacco had to buy it for currency purposes, and that the inconvenience, cost, and risk attendant caused many of them to forsake the province.[34] Since most payments were made in tobacco, the person who refrained from growing it failed to supply himself with the accepted currency. This fact made it unwise for the individual planter to abandon its cultivation; it therefore contributed directly to overproduction, unstable prices, and all the evils incident to a currency which represented no settled intrinsic value.

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[33] Hartwell, Chilton, and Blair wrote: "We need not mention tobacco which would likewise be an excellent staple commodity of that country if they would make it good without trash, but so it is at present that tobacco swallows up all other things; every thing else is neglected and all markets are often so glutted with bad tobacco, that it becomes a mere drug, and will not clear the freight and custom." C. O. 5:1309, no. 30(i).

[34] Behrens, 26; Gould, 78.

The problem of limiting tobacco production seemed to the planters well-nigh insoluble. Their profits depended on European market conditions, and American tobacco was only one element in determining the prevailing price. One planter single-handed could not change the general price level; if he curtailed production alone he simply obtained a smaller share of the total sum paid by consumers abroad. Nor could one colony act as a whole. Reduced acreage in Virginia might lead to increased production in Maryland and North Carolina; the total output and the market price might remain the same; the Virginia planters would merely give a part of their former income to the neighboring provinces. Nor could the English colonies act together in limiting production. An intercolonial agreement for that purpose might stimulate the growing of tobacco in other parts of the world; hence the aggregate quantity and the wholesale price might remain unaffected; the English colonies would only surrender some of their wealth to foreign producers. The exigencies of selling tobacco in an uncontrolled and uncontrollable foreign market, together with the dependence of the planters on tobacco money, kept them moving in a widening circle of increased production and falling prices.

Critics of schemes of limiting agricultural production have often pointed to the experience of the colonial tobacco planters. One fact in this connection should be observed. The plans tried in those early days simply called upon the farmer to reduce his crop without offering him any certain reward. The benefit was to come to all planters through higher market prices resulting from the reduced quantity and unproved quality of the whole crop. The planters who did not conform would have a larger crop to sell at higher prices made possible through the sacrifices of his neighbors. Consequently, the planters as a whole, each feeling that his competitors could not be trusted, refused to restrict production. Had some scheme been worked out to provide a definite bounty to the planters who conformed, and which withheld the reward from those who did not, restriction of crop surpluses might have been more successful.

The defects of commodity money as a standard of value were matched by its similar defects as a medium of exchange. In the first place, the commodities commonly used were bulky and heavy in relation to their value: wheat or tobacco worth 5s. often weighed as much as sixty pounds. Practically any payment of consequence made in country pay required some sort of conveyance to move the produce received. If a given quantity of this currency were used in several exchanges, transportation costs might eat away the larger part of the original amount.

Many expedients were resorted to in the handling of public revenues. Virginia granted the sheriffs 10 per cent of the quit-rent tobacco they collected—an allowance necessary to meet the costs of shipping the tobacco from the plantations to the auditor at the seat of the government. A later regulation allowed the planters an 8 per cent deduction if they would deliver the tobacco directly to the auditor.[35] In Massachusetts, when cattle were driven to Boston as a means of remitting tax money, the General Court provided that "if they be weary, or hungry, or fall sick or lame, it shall be lawful to rest and refresh them for a competent time in any open place, that is not corn, meadow or inclosed for some particular use."[36] Connecticut set up a schedule of transportation allowances to cover the expense of bringing tax money to Hartford from the outlying towns.[37] This sort of outlay was partly avoided after 1670 by a law which ordered that deputies should be paid at the places of their residence with tax money collected in the locality on the colony's account.[38]

After commodity money had been delivered and tested, there arose the further problem of storing it for future use. At all times the danger faced the moneyed man that his capital would waste away on his hands through the spoiling of grain, meat, or the other commodities he had received. In the New England towns, the tax collectors often kept the money in their own barns. Thus the Connecticut General Court voted that it "frees the constable of New London and acquits him for the corn that he makes appear to be burnt, of the country's, in his house." Windsor built a special barn for its treasury. Connecticut in 1667 ordered "that what shall be justly due for the hire of a chamber for the keeping of the country rate in the respective towns, from the time of the gathering of it till it is paid, it shall be allowed and paid by the country." The train band of Hartford at one time collected Indian corn to the value of £8 10s. When the treasurer disposed of it he put in a claim of £1 10s. "for the housing and his bearing the waste of it eleven months"—a rather high banking charge.[39] Massachusetts granted the colony treasurer a shilling in the pound for the handling of public money—"he standing to the loss of measure and charge of warehouse room."[40] In like manner Connecticut granted the constables four pence in the pound "for the shrinkage of any grain they receive for the county rate" from the time of gathering it to the time of paying it out.[41]

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[35] Spotswood to Board of Trade, January 27, 1715, C. O. 5:1317, no. 27; new regulation put into effect December 8, 1714, by Virginia Council, C. O. 5:1317, no. 44(vii); see also objections made to the new method by Receiver-General William Byrd, C. O. 5:1317, no. 27(ii).

[36] Quoted in Felt, 25-6. Felt (p. 40) also states that the cost of transporting country pay from the outlying towns to Boston was not less than 5 per cent of the sum transported.

[37] Connecticut laws of 1702 contain the following: "And for transportation of what is transported by the treasurer's order, there shall be allowed reasonable satisfaction, viz. from *Windsor* to *Hartford, two-pence per* bushel; from *Farmington* to *Hartford, three-pence per* bushel; from *Stonington* to *New London, two shillings* in the pound and so proportionable for longer or shorter carriage; which charges shall be allowed by the Treasurer on the colony's account." C. O. 5:537, 101-2.

[38] *Colonial Records of Connecticut*, I, 215, 392, 400; II, 142. Massachusetts adopted a similar plan. An act of November 3, 1675, ordered "that bills for wages, horses, provisions, etc., being regularly passed to the said treasurer, the treasurer upon the desire of persons concerned, shall repass bills to the constables of such towns where sums are due upon the aforesaid accounts." *Massachusetts Colonial Records*, V, 66.

The storage of tobacco figured in disputes over the payment of debts. Creditors often refused to take tobacco when they had no means to dispose of it, thus leaving the burden of storage on the debtor. To alter this practice both Virginia and Maryland enacted that if a debtor presented tobacco to a creditor, and the latter refused to take it, it might be viewed by two impartial judges. Should they pronounce it good and merchantable, and should the debtor then tender it again, the debt should be discharged, even though the creditor still refused to accept it.[42]

The storing of sugar paid for the 4½ per cent duty caused some trouble in the Leeward Islands. The Crown insisted that all sugar exported from Antigua should be shipped from two specified ports. This plan enabled the royal officials to test and store the duty sugar with the utmost economy. The planters objected to the arrangement and sought the right of shipping from any port convenient to their plantations. The Crown refused this concession, arguing that "the charge of storehouses and 'waytors' should they be provided all round the island would eat up a great part of His Majesty's revenue there." Still the planters were dissatisfied and in 1698 they requested that they be permitted to ship from any place upon giving security that they would later deliver their duty sugar at one of the two designated ports.[43]

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[39] *Colonial Records of Connecticut*, II, 50, 64; *New Haven Town Records*, II, 255, 277, 308; "Hartford Town Votes," (Edited by C. J. Hoadly) *Collections of the Connecticut Historical Society* (Hartford, 1897), VI, 112-3.

[40] Massachusetts act of November, 1684. *Massachusetts Colonial Records*, V, 464.

[41] Connecticut laws of 1702, C. O. 5:437, 101.

[42] "An act of Relief of Debtors and Ascertaining the Manner of Tenders in Tobacco" (Maryland), November 14, 1713, C. O. 5:729, 71.

In the middle colonies and New England, commodity money was defective as a medium of exchange because it could not be used in direct trade with England. Since the exchangeability of such currency depended on its commercial market, its usefulness was limited by the extent of that market. "The ordinary estates which we have in plantations," explained John Winthrop, Jr., "cannot be converted into such as may suit correspondence with Europe, or carrying on such works as require the labor and help of such artificers who expect pay in the commodities of England, or such as will presently procure them."[44] Thus the town of New Haven was unable to buy medical supplies with country pay. The same thing was true of rope and gunpowder.[45] "I wish," wrote Winthrop in 1667, "that we had ammunition to spare, or knew how to supply ourselves with more," and, again, he suggested to his son, who was then in England, "if you could light upon some way of procuring a barrel of good gunpowder it might be well, but do not engage money for it."[46]

This limitation of commodity money was widely recognized in New England, and many attempts were made to obviate it. The General Court of Connecticut sought to foster the production of cotton and hemp for use in direct exchanges with England, and in 1651 encouraged Winthrop in his search for minerals —lead, copper, tin, alum, vitriol—promising him the lands, woods, and waters two or three miles around the mines he discovered. He spoke of the prospects of future production as they appeared to him in 1660, listing tobacco raising, fishing, mining, lumbering, and shipbuilding as industries that would yield in foreign exchange. Finally, the General Court extended a blanket encouragement to promoters of new commodities when it enacted in 1665 that if any person discovered a new product which might "be of use to the country for bringing in a supply of goods from foreign parts, that is not as yet of use or raised amongst us, he that discovers it shall have the benefit thereof. And the commodity shall be regulated according to the mind of the Court, and due encouragement shall be granted to the adventurers. . . ."[47]

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[43] Order of deputy-governor and Council of Antigua, November 18, 1686, C. O. 153, 249-50; Order in Council, *ca.* 1687, *Ibid.*, 250; address of Speaker of Antigua Assembly to Board of Trade, November 29, 1698, C. O. 152:3, no. 16.

[44] *New Haven Town Records*, I, 82-3, 353, 365-6, 374, 504; II, 32-3.

[45] *Collections of Massachusetts Historical Society*, Fifth Series, VIII, 119, 148.

[46] *Ibid.*, 133.

In spite of its many defects, commodity money served the colonies fairly well. One major reason for this was the simple economy of the rural districts. The mass of the settlers moved within the small compass; they did not buy many services from the outside; their purchases of foreign goods were effected through the sale of their surplus products; consequently they did not need a currency that could be easily transported. Moreover, early social arrangements were such as to eliminate the use of money locally wherever possible. Conditions within the rural areas may be illustrated by the substitutes for money employed by Connecticut during the seventeenth century.

First of all, the New England land system tended to minimize the use of money. The original grants were made without cash payments. Quit-rents did not exist, and the common lands were neither sold nor rented. Often the towns paid part of the salaries of ministers with land grants.[48] Connecticut rewarded veterans of the Pequot War with land bounties: between 1663 and 1671, twenty-nine grants were made bestowing 1,810 acres on survivors or their heirs.[49] The ordinary military officers of the colony seem to have been remunerated in the same way. Such land grants appear from 1660 onward, giving to sergeants, lieutenants, ensigns, captains, and majors tracts varying from fifty to four hundred acres.[50] The General Court, after the charter had been secured, voted tracts ranging from two hundred to six hundred acres to governors, deputy-governors, secretaries, and assistants. Such grants must be regarded as payment for the arduous duties performed by those officials.[51]

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[47] *Ibid.*, 67; *Colonial Records of Connecticut*, I, 59, 64, 223; II, 19.

[48] S. Orcutt, *A History of the Town of Stratford* . . . (New Haven, 1886), 169; H. R. Stiles, *The History* . . . *of Ancient Windsor* (Hartford, 1891), I, 219; E. B. Huntington, *The History of Stamford* . . . (Stamford, 1868), 129; J. R. Simonds, *A History of the First Church* . . . *of Branford* (New Haven, no date), 20; F. M. Caulkins, *History of New London*, (New London, 1860), 69, 131, 140; *New Haven Colony Records*, I, 42; *New Haven Town Records*, II, 230.

[49] *Colonial Records of Connecticut*, I, 413; II, 147, 149, 150, 151, 154, 162, 187

Occasionally the General Court avoided the use of money by allowing exemption from taxes. In 1669, persons whose estates were engaged in a New Haven ironworks were so privileged for seven years—the advantage to the colony to come from a supply of "good iron and well wrought, according to art." That this practice prevailed in New Haven appears from a request made in 1658 that "it might be propounded by the deputies to the General Court, that henceforth, when there shall be any allowance given to men for public service, that it might be done some other way . . . but that rates might be paid by all men according to our orders in that behalf."[52]

Another elimination of money was effected through the payment of debts. The colonists did a great deal of business on credit. Many estates, when settled, proved to be debtor to more than a score of persons, and the amount owed often equaled the value of the property on hand. In some cases such debts were paid with goods, since the estates did not possess the coin wherewith to discharge them.[53] It often happened in ordinary dealings that one person would pay a debt of his creditor, thus disposing of two debts with one remittance. A good example of this occurred in New Haven. The colony was indebted to the keeper of the town inn, the town was indebted to the colony, and the citizens would soon be indebted to the town for taxes. Accordingly, the town ordered that all three debts should be cancelled if several taxpayers would furnish the innkeeper "with about forty bushels of wheat and some rye."[54]

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[50] Thirty-four such grants appear between 1660 and 1675. The total number of acres bestowed was 6,530. *Ibid.*, II, 74, 77, 86-7, 90, 91, 100, 101, 113, 123, 133, 150, 171, 193, 194, 196, 200, 214, 230, 241, 246, 251, 254, 376, 377, 391.

[51] Between 1643 and 1675, 20 grants were made, totaling 8,370 acres.

[52] *New Haven Town Records*, I, 316, 321, 357; *New Haven Colonial Records*, II, 17, 302; *Colonial Records of Connecticut*, II, 52-3, 91, 108, 238.

[53] *A Digest of the Early Connecticut Probate Records* (Hartford, 1904), I, 27-8, 32, 150-1, 183, 189, 251-2, 253; *New Haven Town Records*, I, 375, 418, 471-2, 519-20, 522; II, 252-3.

[54] *New Haven Town Records*, I, 293. For other examples see E. E. Atwater, *History of the Colony of New Haven* (New Haven, 1881), 212-13; "Hartford Town Votes," 42-3, 59; Caulkins, *New London*, 110; *New Haven Town Records*, I, 14, 71, 77, 135, 215, 184, 195, 421; II, 258.

The defense system of Connecticut in the early days also lessened the need for money. All male residents between the ages of sixteen and sixty were required to bear arms and train for a certain number of days each year. Every soldier, moreover, had to supply his own arms and military stores. Thus the colony provided a permanent fighting force without hiring soldiers at a money wage.[55] The same plan served for the local police, the law requiring that each town maintain a night watch. Every member of the train band was expected to perform this duty, supplying his own arms and not receiving pay. The question of payment for such service arose in New Haven Colony in 1653, when Stamford reported that it had to maintain a daytime watch at great expense, because the soldiers were being paid. Upon an appeal to the colony for aid, the General Court replied that payment for such work was contrary to custom, but granted the town a small sum in view of its frontier position.[56]

In the labor system of the colonies, likewise, money occupied a place of minor importance. Indian and negro slaves of course did not receive wages.[57] Boys were commonly bound out as apprentices. By this means, workmen secured help at reasonable rates and the community was freed from the charge of maintaining orphan children. The labor of the apprentice was paid for in food, clothing, shelter, medical care and education.[58] So likewise with adult indentured servants. The original purchase called for a money payment, but thereafter wages were paid when the master fed, clothed, housed, and cared for the servant. These various customs—common to all the colonies—helped to fill the void caused by the absence of hard money.[59]

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[55] *Colonial Records of Connecticut,* I, 542, 544. For other evidence see *Ibid.,* I, 16, 165; II, 19-20, 45-6, 181; *New Haven Colony Records,* I, 25-6, 97, 131, 503; II, 219, 602.

[56] *Ibid.,* II, 16, 603; *Colonial Records of Connecticut,* I, 560.

[57] They, however, formed an unimportant group in Connecticut, their number in 1680 being estimated officially at not more than thirty. *Memorial History of Hartford County* (Edited by J. H. Trumbull, Boston, 1886), I, 319. For data on negro and Indian servants see W. C. Fowler, *The Historical Status of the Negro in Connecticut* (Charleston, S. C.), 3, 20, 45; *Colonial Records of Connecticut,* I, 349; Blake, *First Church New London,* 130; Huntington, *Stamford,* 72; *New Haven Colony Records,* I, 335; *New Haven Town Records,* I, 8.

[58] For terms of apprenticeship see *Early Connecticut Probate Records,* I, 94, 114, 142; Orcutt, *Stratford,* 267; *Colonial Records of Connecticut,* II, 76;*Hartford Town Votes,* 175; *New Haven Colony Records,* I, 365; II, 384; *New Haven Town Records,* I, 89-90, 112, 129, 200, 167, 249, 312, 361-3, 368-9, 385, 504; II, 59-60, 63, 80, 236, 237.

Finally, labor itself was substituted for money. New Haven ordered in 1641 that commodities might be purchased with labor. The town of Hartford gave a blanket authority to call out "the teams or persons of any of the inhabitants" for work on projects "that do concern the whole." The towns usually required all able-bodied men to work a few days each year on the highways. In 1674, the General Court of Connecticut defined a former law so as to make "such as are of sixteen years and upward till sixty" liable for this service.[60] The general government and the towns at different times provided that the labor of the settlers be used for building bridges, improving harbors, repairing meeting-houses, erecting mills, constructing dams, and clearing the town lands for cultivation.[61] Compulsory labor, however, had its drawbacks. Complaints arose in New Haven that laborers for the mill did not appear at the appointed times, and that the burden of a uniform labor tax rested too heavily upon the poor. Consequently, the town ordered that rates be levied "according to every man's proportion, which is to be paid either in labor or in other pay, such as shall suit the work."[62] In this practice of compulsory labor appears another means by which the people got along without money. In the bargain, the settlers often voluntarily gave their labor without a return in money—as at house-raisings, huskings, and funerals, and when misfortune disabled a neighbor from caring for his fields.[63]

The legal evaluation of commodity money in New England did not occasion disputes between the colonists and the mother country. The New Englanders did not pay any royal revenues such as quit-rents; neither did they use their commodity currency to discharge debts which they owed in England. Consequently, English interests were not affected by the laws of New England which inflated the value of commodities as money.

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[59] *Colonial Records of Connecticut*, I, 446, 539; *New Haven Colony Records*, I, 26, 146-7, 380; II, 318-19, 360, 489, 582, 601; *Early Connecticut Probate Records*, I, 29, 44, 112, 116, 124, 159, 164, 165, 177, 196; *New Haven Town Records*, I, 1, 3, 13, 46-7, 50, 58, 125, 179, 192, 277, 283, 334-5, 425, 427, 428-9, 476-7; II, 23, 52, 91-2, 148, 186.

[60] *New Haven Colony Records*, I, 55, 227, 231; *Colonial Records of Connecticut*, II, 229; Caulkins, *Norwich*, 62; *Hartford Town Votes*, 55, 69, 71, 75, 81, 82; *New Haven Town Records*, I, 202; II, 296, 321, 326.

[61] *Ibid.*, I, 177-8, 188, 200, 204, 228, 234, 279-80, 336-7, 348, 356; II, 296; *New Haven Colony Records*, I, 143; *Colonial Records of Connecticut*, I, 417; II, 139; Atwater, 158-9; Caulkins, *Norwich*, 61.

[62] *New Haven Town Records*, I, 354-6, 391.

[63] *Ibid.*, II, 238; Atwater, 304, 380.

For the southern colonies, however, there is a different story, and a few traces of a policy touching tobacco and sugar currency are discernible in various measures of the Crown. In the first place, the royal governors were instructed to oppose any scheme that would force merchants to accept colonial products at prices higher than the commercial rate. At this point English interference checked the early tendencies of the assemblies, and the sale of sugar and tobacco was left to the mercy of supply and demand.[64] In the second place, the collectors of the crown revenues were directed not to receive payments in commodities valued in excess of their intrinsic worth. In this connection, however, the Crown was not always able to protect its interests: the Virginia quit-rents, for instance, did not generally yield the full sterling value to which the Crown was entitled. In the third place, English policy did not seek to relieve the southern planters from their dependence on commodity money. England aimed to keep the southern colonies pre-occupied with sugar and tobacco, and to prevent a wide diversification of economic pursuits. Accordingly, English officials did not wish to introduce coin as the principal medium of exchange. For commodity money retarded the growth of colonial manufactures, increased the importance of sugar and tobacco, and helped to perpetuate those products in the economy of the whole plantation area.

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[64] In the early days of the tobacco trade, Virginia had tried to dictate the price of tobacco which the English merchants should pay the planters. Several acts passed by the Assembly placed the legal value of tobacco considerably above the market price. At the same time the planters were ordered not to sell below the statutory rate. This experiment had two results. It showed that colonial laws had no effect on the final sale price of tobacco. Since the bulk of the crop was sold in England and Europe, the price that wholesalers could pay was determined by conditions wholly beyond the control of the planters. The English merchants trading to Virginia protected themselves against high legal prices of tobacco by raising the price of the goods they imported. This practice provoked the planters to complain that the prices of English goods became exorbitant—that the merchants engaged in profiteering. This in time led the Crown to interfere and to order the governor not to enforce any act that set the price of tobacco offered for general sale. Beer, *Origins of British Colonial System*, 253-7. In the Leeward Islands the planters paid for slaves in sugar. The Royal African Company in 1672 agreed to sell negroes at £16 a head. Apparently the Company accepted sugar from the planters—the sugar being valued at an arbitrary price. In 1687 the Company complained that it had recently taken sugar at a rate of 12s. 6d. a hundredweight when the market price was only 6s. 5d. thereby losing nearly one half when the sugar was sold in England. Unless some change were made, the Company could no longer engage in the trade. As a remedy it proposed to sell slaves to the Leeward Islands at £15 a head, the payment to be made in England in sterling value—or in sugar at its real, or market prices, rather than at the inflated prices prevailing in the Islands. The Company to the Lords of Trade, April 19, 1687, T. 70:169, 84-6.

CHAPTER IX

INFLATION AND FOREIGN COIN

> If in this country [Virginia] they once come to make their bargains in money as they do in the West Indies and to the northward, it may be prejudicial to the consumption of English commodities, as likewise to the tobacco trade.—Governor Nicholson to the Board of Trade (1705).

In using their surplus produce as money the colonists resorted to a form of inflation when they placed a legal value on it higher than the price it would bring in outside markets. This practice tended to scale down local debts and to diminish the amount of certain fixed charges such as quit-rents, salaries of officials, and crown revenues. In ordinary private dealings, however, the value of commodity money was determined by the individuals concerned, but even here the colonists frequently endeavored, in paying debts, to pass off their produce at rates above the market level.

The legal evaluation of the commodities used as money did not, of course, determine their commercial price. The value of surplus produce was determined by foreign market conditions, and legislate as they would the colonists could not maintain a value of this surplus, when used for buying foreign goods, higher than the price it would bring when sold abroad. And since the great need of money in the colonies was for purchasing foreign goods, this condition made it impossible to obtain inflation relief by raising the local or legal value of the currency commodities. When the products were used to buy foreign merchandise, the statutory value had to be abandoned: merchants would accept them only at their market rates.

The realization of this fact and an appreciation of the many defects of commodity money as a medium of exchange induced most of the colonies to seek another form of currency. The discontent with produce payments is perhaps best revealed in the economic struggles of Maryland. There the planters fought continually against tobacco currency, and tried one measure of relief after another. In 1689, the Council urged Lord Baltimore to introduce a money economy, and throughout the next decade the province waged its war against the Pennsylvania traders with the hope of diminishing the exportation of coin. One act against commodity currency required the payment of public revenues in coin instead of tobacco. Many of the planters, so the argument ran, received funds in England which could be converted into specie to be sent to the province; the lesser planters might sell provisions for ready money; hence all classes might secure coin and so abandon public payments in produce. Governor Blakiston feared to sign the act lest it should discourage the planting of tobacco. The Board of Trade thereupon advised against any change until a currency policy for the colonies as a whole should be adopted by the Crown.

Throughout the discussion of these measures runs an assumption of both the evils of tobacco money and the superior advantage of coin. The Council in 1689 urged that a money economy would induce tradesmen to settle in towns, raise the true value of rents and duties, and attract shipping to Maryland. "Besides as money becomes plentiful, people and labor will increase and the export of tobacco will follow in proportion." Later the Council reverted to this theme: the use of coin would eliminate disputes about the quality and amount of tobacco tendered, facilitate small dealings, render accounts exact, and avoid deferred payments. The paying of taxes in coin would make it indispensable to all the planters, so that it would circulate widely and thereby multiply exchanges, and cause "our beginning trade in markets to increase by oftener returns, being at present only according to a crop once a year."[1]

Views of this sort were by no means confined to Maryland. The official spokesmen of Connecticut thought the want of coin the principal obstruction to that colony's trade. A South Carolina act of 1687 affirmed that "it is usual in all parts to encourage the bringing in and keeping money by direct courses." A few years later the Assembly was complaining that a "great decay of trade" had been occasioned by the lack of specie. William Penn at various times described the plight of the middle colonies. The drainage of their coin to England might suit English merchants and officials but it was very hard on the plantations. For "want of coin," he said, "they must dwindle in trade." The projector of a currency scheme in Massachusetts (1682) summarized the principal economic ideas of the time. Hard money stimulated trade, farming, and manufactures, and in so doing increased the value of land. It eliminated the trouble and loss of commodity exchanges by "reducing all bought and sold to the English standard." "On the contrary," he continued, "where coin is scarce, all things are dear; . . . debts are contracted; dilatory and shuffling payments made; dexterous traders retire; . . . trade is stinted at home or forestalled abroad; stocks lie dead; . . . merchants and shopkeepers . . . pitifully help themselves by beating down craftsmen: who again . . . slight over their work, adulterate manufacture and hasten poverty on all."[2]

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[1] Blakiston to Board of Trade, August 6, 1700, May 25, 1701, C. O. 5:715, nos. 8, 39; Board of Trade to Blakiston, September 4, 1701, C. O. 5:726, 105-7; reasons offered by the Council to the Assembly why all public levies should be paid in money, July, 1700, C. O. 5:715, no. 8(viii).

Such being the views of the colonists respecting the utility of coin, it was quite natural that they should have used any means at hand to secure an abundant supply. "Silver and gold," wrote Paul Dudley in 1714, "are by all nations . . . esteemed true and real treasure. . . . As it is very possible, certainly it is the duty of this country to labor by all proper methods to recover and keep a convenient share thereof."[3]

Two such methods were exceptionally popular in the colonies—one of negative, the other of positive character. The first was the simple remedy of prohibiting the exportation of coin. Massachusetts, New York, Barbados, Virginia, Maryland, and Jamaica turned to this corrective at various times. Their measures forced England to reveal her attitude. A royal disallowance met the Massachusetts act of 1697: the Commissioners of the Customs thought it bad policy to stop the flow of specie into England from the province. When an act of Virginia, unsigned by the governor, reached Whitehall, the Board of Trade found it distasteful and informed Nicholson that it was not to be approved. The influence of the Crown thus stood in the way of this remedy in the colonies that were economically of most importance to England.[4]

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[2] Connecticut report signed by Leete and Allyn, July 15, 1680, C. O. 1:45, no. 51(i); *South Carolina Statutes,* II, February 28, 1687, November 16, 1700, 29, 163; Penn to Board of Trade, April 21, 1703, C. O. 5:1262, no. 27; A. M. Davis (editor), *Tracts relating to the Currency of Massachusetts-Bay,* 1682-1720 (Boston, 1902), 5-7.

[3] Dudley to governor and Council of Massachusetts, August 17, 1714, C. O. 5:866, no. 159(ii).

By far the more common device used to maintain a supply of coin was that of raising the legal value of foreign money, particularly Spanish pieces of eight. There were to kinds of this coin: Peru pieces, the lighter of the two; and Seville, Mexico and pillar pieces, all three of which may be regarded as a single coin and designated as the standard or heavy piece of eight. According to assays made at the Tower, a standard piece of seventeen and a half pennyweight was worth 4s. 6d. in English silver coin.[5] Since the colonists kept accounts in English monetary terms, they found it convenient to express the value of pieces of eight in shillings and pence. In doing this, the assemblies raised the legal rates of such coins above their sterling value, until in some cases the 4s. 6d. of silver in a heavy piece of eight was declared to be worth 6s. 8d. or 7s.

The colonists hoped by such legislation to accomplish two things. In the first place, they assumed that enhancing the shilling value of foreign coin would attract it from the outside world and prevent its exportation thereafter. If a foreign trader had pieces of eight with which to make purchases, he would send them, presumably, to a colony where their legal value was 6s. each rather than to one where they passed at only 5s. Unquestionably, this sort of inflation offered an inducement to pirates to bring their gold and silver to ports where its legal value was highest. The pirates were most active during the years when the assemblies were raising the value of foreign coin; moreover, the colonies most guilty of harboring pirates placed the highest value on the kind of money which the pirates seized; and, while piracy flourished, Boston, Philadelphia, New York, and Charleston obtained their largest stocks of foreign silver and gold.

It seems obvious that the first effect of an act raising the shilling value of pieces of eight was to attract them from places where lower rates were in force. Apparently, prices of local products did not rise so abruptly as the alteration of money rates was affected. Thus, for a short time, the possessor of a piece of eight could buy more American produce with it where rates were high than where rates were low. As the supply of coin increased, however, prices of local products would rise, so that a piece of eight at an inflated value would not bring more than it would at places where inflation had not occurred. When this stage was reached, the inflationary colony would give the legal values another boost.

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[4] Massachusetts act of December 22, 1697, *Massachusetts Acts and Resolves*, I, 306-7; J. Hawles to Board of Trade, August 9, 1700, C. O. 5:862, no. 2; New York act of September 24, 1709, *Laws of Colony of New York*, I, 678-80; journal of Barbados Assembly, February 28, 1700, C. O. 31:5, 467; Barbados Council minutes, March 7, 1700, C. O. 31:5, 494-5; Virginia bill of 1703, Board of Trade to Nicholson, March 26, 1705, C. O. 5:1314, no. 2, C. O. 5:1361, 57, 64; Jamaica bill of 1715-16, Hamilton to Board of Trade, March 5, 1716, C. O. 137:11, no. 2.

[5] Commissioners of Mint to Lord High Treasurer, December 9, 1703, C. O. 323:5, no. 48.

In this process many factors were at work. One was a desire to make trade brisk, since the importation of coin for purchases of native products created a vigorous local demand. Again, between 1685 and 1710, colonial merchants could make a profit by exporting silver to Holland and France, where its mint value was higher than in England; hence the desire to obtain as large a stock of silver as possible. Then when one colony raised its money rates, its neighbors felt that in self-defense they must follow suit. One act bred another, and the contest became general and increasingly acute. Finally, there was a widespread demand for an enlarged supply of coin as a medium of exchange, simply for the sake of circulating the products of each locality.

The second object of the inflationists was to obtain a cheap currency for the payment of debts. The colonial laws which placed legal values on pieces of eight also defined the coins as "current lawful money of the province." Since most private contracts, and all public payments, called for the tender of current lawful money, any act which raised the legal value of pieces of eight meant that the debtor could pay fewer pieces of eight than required by an earlier and lower evaluation. For instance: a debt of 60s. might be contracted where pieces of eight were valued as current money at 5s. each, the debtor thus receiving twelve pieces of eight. Then a law might be passed raising the value of the coin to 6s., whereupon the debtor would have to repay only ten pieces of eight in order to make up the 60s.; he would therefore be two pieces of eight ahead. In other words, raising the shilling value of the piece of eight was equivalent to decreasing the silver content of the shilling in which debts and other fixed charges were registered.

Such practice was the colonial counterpart of modern proposals to reduce the gold content of the dollar. By this sort of inflationary action the colonists hoped to increase the number of shillings available, to raise the price of their products, and thereby more readily to pay their debts.

A striking example of this practice occurred in Jamaica. The value of the standard piece of eight there had been fixed by an act of 1682 at 5s.[6] During the years following, a party of planters, headed by Sir Henry Morgan and Roger Elletson, made a vigorous attempt to raise the value to 6s. Several advantages were supposed to accompany this measure. The coin of Jamaica, receiving a nominal value higher than its sterling value as bullion, would remain in the island, and the produce of the planters would be exported for making purchases and discharging debts. The new rate would also enable planters to pay their creditors with fewer pieces of eight than required by the 5s. evaluation.[7] The royal governors prevented the proposed change until the term of the Duke of Albemarle, when in 1688 the cheap money party succeeded in boosting the value from 5s. to 6s.[8]

The opposition to this measure disclosed a working agreement among the royal governors, the Crown, and the Royal African Company. Governors Lynch and Molesworth stated the case against the planters. The change would reduce all debts, salaries, fixed charges, and crown revenues by 20 per cent. In current business dealings, however, merchants would protect themselves by raising prices so as to obtain the same number of pieces of eight for a given commodity as formerly. The proper way to attract coin was to sell the produce of the island at reasonable rates; merchants would then find it profitable to send Spanish money to Jamaica in order to purchase sugar there.[9]

In 1688 it was estimated that the debts owed by the planters to the Royal African Company exceeded £90,000. In times past the Company had received, in payment of such debts, both sugar and pieces of eight. But when the latter had passed at 5s., safe-guards had not been employed to prevent the paying of light pieces at that rate. The circulation of light money forced the price of sugar upward. Hence the Company had to receive either light money or sugar at an inflated rate; when transmitted to England each lost a third of its island value. Should debts now be paid in light pieces of eight at 6s., the Company would lose an additional fifth. Accordingly, the Company immediately sent its protest to Whitehall, requesting both a disallowance of the 6s. act and a standing instruction to the governor directing that any bill altering the value of money should not be signed without first receiving the royal approval.[10]

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[6] C. O. 139:8, 27-8.

[7] Lynch to Jenkins [?], 1684, *Cal. St. Pap. A. & W. I.*, 1681-5, p. 602; Molesworth to Sunderland, April 28, 1686, *Idem*, 1685-8, p. 181.

[8] Jamaica Council minutes, 1688, C. O. 140:4, 182, 207, 216; Assembly journal, C. O. 140:2, 106-7, 110-13, 115; Albemarle to Lords of Trade, April 4, 1688, C. O. 138:6, 114.

[9] Lynch to Assembly, September 21, 1683, C. O. 140:2, 71; Molesworth to Albemarle and Council, March 9, 1688, C. O. 1:64, no. 32.

Meanwhile the appropriate departments of the English Government had already made clear their views respecting the rates of foreign coin. An act of Nevis in 1684 raising pieces of eight to 6s. had elicited an opinion from the Commissioners of the Mint. Such a measure would not supply the planters with more coin. Prices of goods imported would rise in proportion to alterations in the rates of money; traders would receive the same number of pieces of eight as formerly; the law, therefore, would not hinder the exportation of specie. Should the Crown allow the act, three precautions were necessary. First, it must be assured that all pieces of eight passing at 6s. were of equal weight. Secondly, other kinds of money should be valued in proportion to standard pieces of eight at 6s.; otherwise the coins that were better intrinsically would be exported and those inferior would form the currency of the island. Finally, prices ought not be set by law; every commodity should rise and fall in the market in response to supply and demand. Without such a precaution, the importer might not receive more in actual value than three fourths of the set price, and "when that is less than he can afford to sell at, the trade will be diverted and wholly lost."[11]

Slight as were the concessions, the Commissioners of the Customs were even less yielding. They asserted that the Nevis act would deprive a creditor of a fourth of his property, and they recommended, as a general thing, that foreign coin should circulate in the plantations at only its sterling value.[12] The Crown acted on this advice to the extent of disallowing the Jamaica act of 1688. At the same time the governor of the island received instructions not to sign any bill altering the value of money until it had been reviewed by the King. This order, regularly incorporated after 1689 into the instructions of all the royal governors, marks the beginning of a uniform policy touching the value of foreign coin in the plantations.[13]

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[10] Royal African Company to the King, 1683 and 1688, C. O. 1:51, no. 6, and T. 70:169, 98; Jamaica ledger of the Company, T. 70:871, *passim*.

[11] Commissioners of the Mint to Lords of Treasury, September 27, 1684, C. O. 1:55, no. 45.

In Massachusetts, the evaluation of foreign coin after 1652 was affected by the money standards adopted for the Boston mint. The pinetree shilling, compared with the English shilling, was a debased coin, since £129 in Massachusetts minted money had the silver content of only £100 sterling. In the meantime, foreign coins had been raised in legal value, so that a piece of eight rated at 6s. was the equivalent in silver of six pinetree shillings.[14] When Massachusetts in 1684 lost her charter and her mint, the provincial leaders felt it necessary to retain the old pinetree standard of value. They were determined to avoid a deflation of prices that would follow a reduction of the legal value of foreign money. In order to keep the rate at the former level, they asked that the governor of the Dominion of New England, Sir Edmond Andros, be granted authority to determine the value of foreign coin. Although the Commissioners of the Mint advised against giving Andros the desired power, the Lords of Trade decided in favor of it.[15] Accordingly, Andros received the requisite authority, and in March, 1687 he declared that a standard piece of eight of seventeen and a half pennyweight should pass in New England at 6s.[16] A later law of Massachusetts (1692) raised the value of these coins further, allowing them to circulate at the rate of 6s. for seventeen pennyweight.[17]

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[12] Commissioners of Customs to Lords of Treasury, September 27, 1694, *Ibid.*, no. 44.

[13] Order in Council, October 17, 1689, C. O. 138:6, 278.

[14] Massachusetts at an early date employed the device of raising the legal value of foreign coin. In June, 1642, the General Court declared the piece of eight worth 4s. 8d. and three months later raised the value to 5s. Then the mint act of 1652 discontinued the previous evaluation of foreign money. Moreover, the act provided that the Massachusetts coins to be struck, though nominally equal in value to corresponding English coins, should have only about three fourths of the intrinsic value of the latter. That is, 6s. Massachusetts money was worth intrinsically only about 4s. 6d. sterling. The removing of the legal value formerly placed on foreign coins meant that these coins afterward circulated in Massachusetts at their intrinsic values. The amount of silver in a heavy piece of eight equaled the silver content of six pinetree shillings, yet the latter was declared by law to pass at 6s., whereas the former had a legal value of only 4s. 6d. Hence dealers in money exported foreign coin in preference to pinetree shillings, the latter having a legal value in the province of 25 per cent more than the former—a value that fell away when the coins were exported. This condition caused dissatisfaction, and a sharp agitation resulted in an act of 1672 that aimed to place pieces of eight on a par with pinetree shillings. A piece of eight that contained as much silver as six pinetree shillings was to pass at 6s. lawful money of the province, and lighter pieces were to pass by weight at the same rate. This arrangement remained essentially unchanged until the closing of the mint in 1684 put the coinage problem as a whole before the British Government. *Massachusetts Colonial Records*, II, June 14, September 29, 1642, 20, 29; *Ibid.*, May 27, 1652 (mint act), II, 262; Davis, *Currency and Banking*, I, 34; act of October 6, 1672, *Massachusetts Colonial Records*, IV, Part 2, 533-4; also acts of May 24, 1682, and October 11, 1682, *Ibid.*, V, 351; *Laws of Massachusetts*, 1672-86, 294-5.

The efforts of Virginia and Maryland toward inflation of foreign coin values were greatly cramped by governors representing outside interests. Virginia, of course, had a royal government, and Maryland was subject to the proprietor before 1689 and to the Crown for twenty-five years thereafter. The royal and proprietary governors resisted all measures which would scale down the sterling value of crown revenues, proprietary dues, and debts owed to private citizens. An act in force in Virginia in 1680 had placed the value of the piece of eight at 5s., and custom had fixed the weight of the coin at seventeen pennyweight. In 1683, however, the governor was instructed not to sign any bill altering the rates of foreign coin without the King's order. Then, in 1686, Lord Effingham solicited the same power that had just been conferred upon Sir Edmund Andros in New England. A bill of the time proposed a further increase in the value of foreign coin, proposing that all crown revenues "be advanced proportionately with the advance upon pieces of eight . . . to make them the value they now are." The Commissioners of the Customs defeated the scheme with a hostile report. Should the rate of money be altered, creditors would lose to the extent of the change. Were the value of coin frequently inflated in this fashion, the King's duties would be "subjected to various frauds and abuses, and great difficulties occasioned in the collection thereof." Pieces of eight ought to go at their sterling values, or as they had passed of late years before this act was proposed. This opinion convinced the Lords of Trade and the power sought in Virginia was not granted.[18]

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[15] Massachusetts petition, 1686, C. O. 1:60, no. 88(v); answer of Commissioners of Mint, October 23, 1686, *Ibid.*, 88(vii); Order in Council, October 27, 1686, *Ibid.*, no. 88.

[16] Massachusetts Council minutes, March 8-10, 1687, C. O. 5:785, 116-7.

[17] *Massachusetts Acts and Resolves*, I, 70-1, 296.

Between 1693 and 1703 the Assembly made repeated attempts to change the old law: almost every year the cheap money party was at work. The burgesses passed one bill after another only to have the Council oppose. Finally in 1703 the two houses agreed on a proposed change. However, of forty-two bills sent to England for consideration at this time, the coin act was the only one which the Crown ordered the government of Virginia to abandon.[19]

Maryland likewise had little success in attracting foreign money by imposing high legal rates. Several acts passed after 1680 had many features in common. They all placed very high values on foreign coins, although each act was to expire after two or three years. There was, however, a fly in the inflationary ointment. Certain fixed payments—the King's revenues, proprietary dues, and debts recorded in sterling value—could not be met with pieces of eight at their enhanced values.[20] Finally, in 1694, the

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[18] The rate in Virginia in 1680 was 5s. for a heavy piece of eight, the weight of the coin not being defined. Memorandum on the proposal of Effingham, April 3, 1687, C. O. 1:62, no. 18; Commissioners of the Customs to Lords of Treasury, April 30, 1687, *Ibid.*, no. 31; journal of Lords of Trade, May 18, 1687, C. O. 391:6, 67; P. A. Bruce, *Economic History of Virginia in the Seventeenth Century* (New York, 1907), II, 505 *ff.*

[19] Bill of March, 1693, *Journals of the Virginia House of Burgesses*, 436, 444; bill of October, 1693, *Ibid.*, 474, 476; bill of October, 1696, *Ibid.*, 76, 86, C. O. 5:1309, no. 30(i); Bruce, II, 513; bill of 1698, *Burgesses' Journals*, 126; bill of 1699, *Ibid.*, 148, 151-2, 165, 172, 199; Nicholson to Board of Trade, July 1, 1699, C. O. 5:1310, no. 2; bill of 1701, C. O. 5:1408, 154; bill of 1703, C. O. 5:1361, 57, 64 and C. O. 5:1314, no. 2.

[20] The struggle in Maryland for inflation had become acute by 1686. An act of that year defined the sterling value of pieces of eight at 6s., and then gave them a province value which was determined by adding a fourth to the sterling value, thereby making the single piece of eight worth 7s. 6d. Maryland money. Coin at the province rate had to be received on contracts that designated ready money: among fixed charges, only the revenues of the proprietor were to be paid at the former rates. The act did not specify the weight of the coins so evaluated. It was to remain in force but a few years. Since there was practically no coin in the province at the time, the act did not have the effect of enabling the poorer planters to scale down their debts.

In the session of 1688 a similar measure agitated the Assembly. The act of 1686 was about to expire. Apparently the new bill intended that the proposed province rate should not apply to payments that called for sterling value; at any rate the Council, in rejecting the bill, argued that it was "vain to think that ever money will be brought into this country till it be made current and it will never be current whilst any be excepted from receiving it at its current and enhanced value." Likewise there was "no provision made to prevent abuses and frauds by clipt and light money." An additional act of 1692 retained the rating of foreign coin prescribed by the act of 1686. It contained the same provision as to contracts, and it forbade the exportation of foreign coin as the earlier act had done. Officers' fees and inn-keepers' charges were to be paid at the rate of 6s. province or advanced money in place of each hundred pounds of tobacco due. The most striking feature of the act was that designed to bring coin into Maryland. Every planter, in selling tobacco in England, was comdelegates voted that standard pieces of eight of twelve pennyweight should pass at 6s. But the Council demanded that the act should not go into effect until the King's pleasure was known. This stand shifted the scene of contest to Whitehall. The delegates complained that their past measures had failed to attract money to Maryland because so many kinds of payments had been excepted. Now they wanted to apply the inflated rates to all payments except crown revenues and proprietary dues. Time after time the delegates sent in their entreaties for the bill, and employed influential agents to advance its cause. But the Board of Trade refused any concession, even though Governor Blakiston asserted that the province had become very pressing in its demand for a more liberal currency act.[21]

The policy of England toward Virginia and Maryland differed in a fundamental respect from its policy for New England. At the time the Crown permitted Andros to fix the value of foreign coin in New England, a similar privilege was denied to the governor of Virginia. Although the Massachusetts act raising the piece of eight of seventeen pennyweight to 6s. was allowed to stand, the Crown refused to concede so high a rate to the tobacco colonies. Two reasons for this are evident. In the first place, it was necessary to protect the royal revenues and the property of creditors from acts altering the value of money. With respect to these matters English interests in the tobacco area were much greater than corresponding interests in New England. But there was another consideration, and one of perhaps deeper significance.

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pelled to secure in return a certain amount of foreign coin; for every hogshead or every 400 pounds of bulk tobacco sold he should take at least 3s. in coin (at the advanced rate) in part payment. Should he import merchandise into Maryland in place of this coin, the merchandise was to be confiscated by the province. Through this act the Assembly openly tried to lessen the exchange in England of tobacco for manufactured goods, and to put the tobacco trade on a money basis. The first royal governor, Copley, who arrived in 1692 brought instructions against altering the rates of money. But he signed this particular act, explaining that it protected the King's revenue, applied only to foreign coin, and did not go beyond the practice of the other colonies. "The Assembly would not have passed the other acts for support of government if I had denied this." Besides, it was to endure for only three years. *Archives of Maryland*, XIII, 142-4, 186, 189, 493-5; Copley's answers, received, September 15, 1692, C. O. 5:713, no. 84.

[21] Journal of Maryland Assembly, 1694, C. O. 5:740, 337, 341, 343-4, 369; Council minutes, 1694, *Ibid.*, 272-3; Assembly to the King, October 16, 1694, *Ibid.*, 399; Council minutes, 1695, 1697, C. O. 5:742, 13, 168; Assembly journal, 1696, C. O. 5:719, nos. 5, 17, 64; Council minutes, 1701, C. O. 5:744, 85; Blakiston to Board of Trade, May 25, 1701, C. O. 5:712, no. 39; Board of Trade to Blakiston, September 4, 1701, C. O. 5:726, 106-7.

From England's point of view it was just as well that the tobacco colonies did not obtain a large supply of coin. Then they sent their products to England where they were exchanged for English goods. The lack of specie in the tobacco area only intensified that dependence of the planters on English markets, English exporters, and English ships, which was the object of the English colonial system.

The other mainland provinces managed to establish fairly liberal rates for foreign coin.[22] The acts in force in 1701 may be

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[22] Lying within the trading sphere of Boston, the other New England colonies followed the lead of Massachusetts. Both New Hampshire and Connecticut hastened to adopt a rate of 6s. 8d. an ounce for foreign coin that Massachusetts put into effect in 1682. Of course the Andros proclamation of March, 1687, extended to all New England. After this time, although New Hampshire did not prescribe a legal value for its foreign coin, commercial practice there conformed to the Massachusetts standard. Connecticut in 1696 raised the 17dwt. piece of eight to 6s. 9d. but "finding the same . . . to be rather hurtful than profitable," the General Court repealed the order in May, 1697. Pieces of eight then circulated as in Massachusetts, at 6s. for 17dwt. This rate Connecticut legalized in 1702. New Hampshire acts of November 14, 1682, October 4, 1683, in *New Hampshire Laws*, I, 65, 82; Andros proclamation, *Ibid.*, I, 172; *Colonial Records Connecticut*, 1678-89, 119, 166-7; *Idem.*, 1689-1706, 176-7, 197-8; Connecticut laws, C. O. 5:537, 25.

The evaluation of the piece of eight in New York differed from that of New England. Before 1693, the standard pieces passed at 6s. for 15dwt., or at 4.8d a pennyweight. This rate was approved by an executive order of March, 1693, and remained the province value thereafter. New York merchants to Cornbury, February, 1705, C. O. 5:1048, no. 105(xi); New York Council minutes, March 23, 1693, C. O. 1:57, 404; address of New York governor, Council, and Assembly, October, 1708, C. O. 5:1049, no. 99(i); Cornbury to Board of Trade, June 30, 1703, C. O. 5:1048, no. 59. In 1693, Governor Fletcher violated his instructions by altering the value of foreign coin in New York without the approval of the Crown. The most serious side of this breach was the evaluation of lion dollars, coins whose intrinsic value was then not well known, and "which had spread themselves in great numbers from Carolina and Pennsylvania into all the country." This coin Fletcher rated at 5s. 6d. Bellomont later accused Nicholas Bayard of persuading Fletcher to this act "to the diminution of the rights and rents arising to his Majesty . . . and the impoverishing the subjects in their properties." Bayard acknowledged his part in the affair. The province, he said, was afflicted with a shortage of money at the time. No losses had befallen the Crown, nor had any property been diminished. Other colonies had valued lion dollars at 6s.; besides, the rate at New York had been fixed at the instance of the merchants. Bayard insisted in 1698 that these dollars were then the most acceptable coins in the province. New York Council minutes, March 25, 1693, C. O. 5:1183, 404; Bellomont's reasons for suspending Bayard, C. O. 5:1041, no. 12(xvi); Bayard's reply, *Idem*, no. 23(xviii).

When discussing coin values the New Yorkers often complained that their light money found its way to Pennsylvania because of higher rates prevailing there. In 1683 the latter province evalued Peru pieces at 5s. 8d., and all others at 6s. Because this act said nothing about the weight of the coins it conferred a higher value, relatively, on the light pieces than on the heavy ones. In 1693 the Assembly provided a more definite schedule: lion dollars and Peru pieces were to pass at 6s.; standard pieces of 12dwt. should go at 6s., and those of 17dwt. at 7s. Hence the act gave a greater nominal value to light money: the pennyweight of the 12dwt. piece was declared worth 6d. whereas the pennyweight of the 17dwt. piece received a value of only 4.93d. On the initiative of the Assembly another measure became law in 1698. This left the value of Peru pieces and lion dollars unchanged, but rated other pieces of eight of 15dwt. at 7s. (5.6d. a pennyweight). For every pennyweight over fifteen, simplified by showing the highest legal value given in each colony to the pennyweight of silver in the standard piece of eight.

Colony	Colonial legal value given to the dwt. in a standard piece of eight	Relation of colonial money to sterling
New England	4.23d.	137:100
New York and East New Jersey	4.8d.	155:100
Pennsylvania and West New Jersey	5.6d.	181:100
South Carolina	5.d.	161:100
Virginia	3.42d.	111:100
Maryland	no legal value	

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the law allowed an added value of 4d. Hence the act continued the preference for light money. It was reënacted in 1700 only to be disallowed by the Crown in 1703. *Charter to . . . Penn and the Laws of . . . Pennsylvania . . . 1682-1700* (Harrisburg, 1679), 145, 275-6; C. P. Keith, *Chronicles of Pennsylvania* (Philadelphia, 1917), I, 292. *Pennsylvania Statutes*, II, 87-8; *Acts of the Privy Council, Colonial Series*, II, 441-2. For effect of the 7s. for 15dwt. rate on the crown revenues, see Quary to Commissioners of the Customs, March 6, 1700, C. O. 323:3, no. 44A.

The theory underlying the evaluation of coin was admirably expressed by the Assembly of East New Jersey in 1685. Silver coin came into the province from England, Scotland, and foreign countries, but did not long remain because outside traders carried it away as returns for goods imported. This condition retarded the growth of the province in two ways: no coin was left for the needs of the people, and the outside traders failed to take off the produce of the country. Therefore, in order "to put a stop to transient traders transporting the money so suddenly out of the province before it hath been traded withal by the inhabitants" the Assembly raised the nominal values of all coins. The piece of eight of 14dwt. should go at 6s., or at 5.1d. a pennyweight. The Assembly soon realized that it had overstepped the mark, and straightway repealed the act in 1685. For the most part, the standard prevailing in East New Jersey conformed to the New York rate. What became the characteristic policy of West New Jersey was adopted in 1693, when the Assembly put into effect the same value that Pennsylvania had established. After the union of the two Jerseys, the official rate of the province was that of New York, although in West New Jersey foreign coin continued to circulate at the higher Pennsylvania level. East New Jersey acts in *New Jersey Grants*, 285-6, 295; West New Jersey acts, *Ibid.*, 433, 445, 493, 516-7; revenue act of 1709, C. O. 5:1006, no. 18.

The coin policy of South Carolina conformed to the general tendency toward inflation. An act of 1691 declared that standard pieces of eight of 13dwt. or more were to pass at 5s.; those weighing less than 13dwt. should go at 4s. This meant of course that no coins over 13dwt. would circulate at the legal rate. Either they would be clipped or exported. At this time, Peru pieces of 13dwt. received a value of 4s. It is not surprising that these evaluations left the lighter coins in circulation, for their legal value was higher in proportion to weight than that of the heavier coins. In 1695 the Assembly raised the inferior coins—Peru pieces and lion dollars of 13dwt. to 5s. The last step toward inflation came in March, 1701. The Assembly then valued standard pieces of eight of 12dwt. and 13dwt. at 5s., leaving lion dollars and 13dwt. Peru pieces at the same figure. The 17dwt. standard pieces of eight received a value of 6s. 6¾d.—a rate of 4.6d. a pennyweight—whereas the pennyweight in the 12dwt. coin was declared worth 5d. *South Carolina Statutes*, II, 72, 94-5. An account of South Carolina money in *Ibid.*, ix, 779; Popple to Thornburgh, July 22, 1701, C. O. 5:1289, 130-1; Blathwayt to ...., August 22, 1701, C. O. 5:1046, no. 34.

The colonial inflationists generally gave the pennyweight of silver in light coins a higher value than the pennyweight in heavy coins. This meant that only the light pieces would be used when current money was required. The heavy coins would be clipped to the point where they brought the highest pennyweight evaluation, and the clippings could then be either exported or exchanged at the higher pennyweight evaluation. The highest legal value given to the pennyweight of silver therefore formed the standard of current money in the province concerned.

Whatever the effect of differing money values, nearly every one of consequence concerned in the colonies thought that high rates attracted coin. Pennsylvania and South Carolina, which gave such generous values to light pieces of eight, became known as centers of light money. In the meantime, England steadfastly refused to permit inflation in Virginia, Maryland, Barbados, or Jamaica—the colonies most indebted to herself and which accounted for most of the then colonial trade. Yet the restraints imposed on these provinces seemingly injured them, for their coin was drawn away to the colonies that had adopted inflationary measures. Pennsylvania and New England, by attracting money from the southern area, were acquiring purchasing power that otherwise would have been used directly in England. Should all coin pass at a single rate in America, this advantage of the nonroyal colonies would be taken from them, and the coin of the plantations might center immediately in England, to the advantage of English merchants and shipowners. A uniform schedule of values would not necessarily enable the tobacco colonies to acquire a larger stock of money; it would merely check the exportation of specie to the neighboring commercial towns.

To introduce the desired uniformity of coin values, the Board of Trade prepared the royal proclamation of 1704, which declared that the standard piece of eight of seventeen and a half pennyweight should not pass in any colony at more than 6s. The only provision for enforcement was a command to all the Queen's subjects to observe the proclamation on pain of the royal disfavor.[23] In this manner the Crown created the fiction of "proclamation money." Foreign coin having a sterling value of £100 was allowed to pass at £133⅓ in the colonies. The proclamation aimed to lower the rates of current money in South Carolina, Pennsylvania, New England, and New York, while it permitted, although it did not require, the raising of values in Virginia and Maryland to the new maximum level.[24]

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[23] Proclamation dated at Windsor, June 18, 1704, C. O. 323:5, no. 58.

Massachusetts took the lead in defying the royal order, the General Court refusing to make any grants for the support of the local government unless the money appropriated bore the former (and higher) provincial rate..[25] This action threatened to draw away all the coin of New York, should that province enforce the proclamation; hence the governor, Lord Cornbury, assented to an act continuing the old New York evaluation.[26] Pennsylvania followed suit, contending that if she complied with the proclamation when the other provinces did not, her coin would flow away to her neighbors.[27] South Carolina did the same thing, and thus each of the four leading commercial colonies retained a rating of foreign coin higher than the official maximum.[28] Meanwhile, the royal governors prevented the violation of the proclamation in Virginia,[29] Barbados, and Maryland. These provinces now com-

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[24] The Massachusetts law of 1697, rating the piece of eight of 17 pennyweight at 6s., had been approved by the Crown. Attorney-General Northey believed that this approval conferred the force of an act of Parliament: the provincial law could be set aside only by the Assembly with the consent of the Crown, or by a British statute. Yet the royal proclamation ignored the Massachusetts rate, thereby violating a law having the force of an act of Parliament. However, the Board of Trade did not advise the province of this fact. Opinion of Northey, May 31, 1703, C. O. 323:5, no. 4.

[25] At the very outset Massachusetts was experiencing a trend toward inflation. Early in 1705 pieces of eight of 13 to 15dwt. were circulating at 6s. Governor Dudley at once ordered that foreign coin should pass "according to Her Majesty's Proclamation, and the laws of the province." This was impossible because the two did not agree. The Council and Assembly soon brushed the ambiguity aside by directing that an ounce of silver, sterling alloy, should pass at 7s. This preserved in substance the province rate of 6s. for 17dwt.

Dudley next called on the Assembly to impose penalties for nonobservance of the proclamation. However, he could not obtain even a committee on the currency until he abandoned all talk of penalties. In the May session the representatives voted a tax in silver at 8s. an ounce, sterling alloy. This must refer to the ounce of silver in the standard piece of eight, for Dudley stated that the rate of 8s. for an ounce of silver, sterling alloy, was the same as the rate of 6s. for a 15dwt. piece of eight. For five weeks the Assembly demanded the rate of 8s. an ounce, until Dudley persuaded them to restore the old rate of 6s. for 17dwt. This was all he could secure; the proclamation remained a dead letter. He feared that "thereby the country will be imboldened to use their late way of payment of 15dwt." This happened in 1706 when the courts of the province declared the ounce of silver worth 8s. in payment of debts—a figure 22 per cent above the proclamation rate. Dudley's proclamation, March 3, 1705, C. O. 5:863, no. 140(viii); Dudley to Assembly, May 30, 1705, C. O. 5:863; no. 140(vi); Dudley to Board of Trade, July 25, 1705, *Ibid.*, no. 140; memorandum of Council, June 7, 1705, *Ibid.*, no. 140(vii).

[26] At New York Lord Cornbury saw in the coin situation a threat to the economic independence of his province. Massachusetts was actually raising the value of its foreign coin in the face of the very proclamation itself. This situation, together with the fact that Boston had a far larger supply of English goods than New York, would force the latter to buy from Boston, and the coin of New York would flow away. When the proclamation was published, said Cornbury, "Several persons here (pursuant to directions sent to them from Boston) sent away as much money by the post as he could carry, and for four or five days all manner of trade was stopped, there was no market." "One hundred pounds current in New York," alleged the local merchants, "here will scarce . . . purchase fifty pounds worth of goods when the same money at Boston will go current for £100 and

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purchase to that value." Because of this condition, the New York Council asked Cornbury to suspend the proclamation. He complied early in February, 1705—an act later approved by the Board of Trade because of New York's troubles with Boston. The New York provincial courts in 1706 declared the ounce of silver tendered in payment of debts worth 8s. Even before this, the Assembly had tried to continue the old province rate as the standard in public payments. Cornbury, after pointing out that the bill ignored the proclamation, was forced to prorogue the Assembly. Eventually the representatives won the day. "As the country increases," lamented Cornbury, "they grow saucy, and no doubt but if they are allowed to go on they will improve upon it. . . ." The Board of Trade replied—"We cannot but blame the Assembly, for their assuming a right to settle the value of coin . . . you have her Majesty's proclamation . . . , which ought to put an end to all dispute upon that subject." Cornbury to Board of Trade, February 19, 1705, C. O. 5:1048, no. 105; petition of New York merchants, *ca.* 1705, C. O. 5:1048, no. 105(i); act for defense of frontiers, *ca.* October, 1704, C. O. 5:1048, no. 96(viii); report of Council committee, *ca.* October, 1704, *Idem.*, no. 96(ix); Cornbury to Board of Trade, November 6, 1704, *Idem.*, no. 96; Board of Trade to Cornbury, March 26, 1705, C. O. 5:1120, 280-1.

[27] Three reasons were advanced officially in Pennsylvania for ignoring the proclamation. So scarce was coin in the province that most trading had been carried on by credit. Debts had been contracted at the old rates, and so closely intwined were former debts and current business that a change in the rates of money seemed impracticable. In the second place, Pennsylvania could not be the first to accept the proclamation. New York had rejected it: if it became effective in Pennsylvania alone, all heavy money would leave for New York. The latter province should set the example: it was the larger commercial center, and immediately under the Crown. Finally, the Pennsylvania government could do nothing because the merchants had made an agreement among themselves to retain the old rate. Consequently, in January, 1706, the Assembly enacted that standard pieces of eight should pass at 5½d. a pennyweight. This made the 17½dwt. coin worth 8s., thereby raising the value above both the proclamation level and the rate of a disallowed provincial law of 1700. Evans to Board of Trade, February 13, November 9, 1705, January 13, 1706, C. O. 5:1263, nos. 23, 66, 114; *Pennsylvania Statutes*, II, 276-8, 510. The act of 1706 was disallowed October 24, 1709, C. O. 5:1264, no. 84. The 17½dwt. coin, by the act of 1700, went at 7s. 10d.

[28] Lists of South Carolina Laws, April 9, 1706, July 5, 1707, C. O. 5:411, 127, 148.

[29] As the value of foreign coin in Virginia had been lower than the new proclamation rate, the question there was: should the old rate now be raised to the proclamation standard? Nicholson wrote in March, 1705, that there had as yet been no change. The planters had assumed that the proclamation merely set a maximum rate: it did not actually impose or require so high an evaluation. The great difficulty of enforcing the proclamation lay in the lack of money scales and of other means of testing coins in the province. The Crown would lose a fifth of its revenues through the change; accordingly Nicholson advised that nothing should be done to put the proclamation into effect.

The party favoring inflation, however, received a new impetus. In the spring session of 1705 the Assembly passed a bill which provided that the common foreign coins of full weight should pass as the proclamation directed. All light coins and fractional pieces of eight were evaluated at 4d. a pennyweight—thus making 17½dwt. in light pieces worth only 5s. 10d. Although the Council and Assembly came to an agreement on the bill, it did not become law, apparently because Nicholson feared its effect on the crown revenues.

plained emphatically of discrimination—that their specie continued to leave for the commercial centers where inflated values of foreign money prevailed[30]

The resistance of so many of the mainland colonies forced the Board of Trade to act again. The Attorney-General outlined a legal remedy. The proclamation alone could not compel an individual to refuse coin that was overvalued, nor could it inflict a punishment. An act of Parliament was needed that would impose a penalty on any one who accepted coin at rates higher than the proclamation allowed.[31]

Parliament passed such an act in 1708. It prescribed that any person in the colonies who, after May 1, 1709, paid or received

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The next year the Assembly was again demanding that province money should be raised to the royal standard. The Council, however, by this time had decided to oppose the projected change. Nicholson to Board of Trade, March 3, 1705, C. O. 5:1314, no. 43. *Burgesses' Journals,* April 30, May 2, 7, 9, 10, 1705, 99, 103, 109, 112, 113, 114; copy of the bill is C. O. 5:1315, no. 58(a); *Burgesses' Journals,* November 7, 1705, May 14, 18, 22, 1706, 192, 196, 200-1.

[30] Barbados caused the most trouble. After the proclamation went into effect the official spokesmen of the Barbados denounced the other colonies for ignoring it. Barbados did not raise its current money above the proclamation rate; consequently, according to all reports, a most distressing shortage of coin fell upon the planters. There was no cash to circulate trade,—no silver to discharge debts that required payment in coin. The Leeward Islands in particular evaded the proclamation: in 1708 the governor reported that pieces of eight intrinsically worth but 2s. passed at 6s. "We are very well assured," wrote the agents of Barbados, "that in several . . . governments as well on the Main as on the islands there is not the least regard had to Her Majesty's proclamation, which occasions such a transportation of all our coin that unless there be some immediate stop we shall have no money left amongst us." The situation was further complicated by the indebtedness of the planters. Their representatives complained of an intolerable hardship. "All debts and contracts were for so much silver, and therefore not to be discharged with sugars, or other produce of the island, but with silver only, of which we were drained, and consequently lay under a moral impossibility of paying them, without establishing some other standard whereby to prevent a debtor's estate from being sold at outcry for a tenth of its true value." The Assembly turned to two expedients. The first was a bill to raise the value of the 12dwt. piece of eight to 6s. One clause provided that the measure should not become effective until approved by the Queen. This approval was not granted and so the plan fell through. The other expedient took the form of a paper currency. An act of 1706 provided that landowners might obtain bills of credit issued by the colony on the security of their land and slaves. The bills were made legal tender for all debts, past or future, and at their face values. The act aroused the utmost enmity of the merchants, solvent planters, and creditors concerned in the island. Not only was it speedily disallowed, but the Crown ordered the province to provide relief for all persons who had suffered on account of the bills that were issued. Such was the upshot of the proclamation in Barbados. Parke to Board of Trade, August 24, November 13, 1708, C. O. 152:7, no. 65; C. O. 153:10, 277; agents of Barbados to Board of Trade, received, October 17, 1705, C. O. 28:9, no. 7. Messrs. Sharpe, Cox, Mills, and Walker to Crowe, May, 1706, C. O. 28:10, no. 70. Copy of coin act of July 10, 1707, C. O. 28:10, no. 39(ix); Board of Trade to Sunderland, October 24, 1707, C. O. 29:11, 134-5; Board of Trade to House of Lords, November 27, 1707, C. O. 389:19, 387.

[31] Northey to Board of Trade, October 19, 1705, C. O. 323:5, no. 88.

coin in discharging debts contracted after that date should be imprisoned six months or pay a fine of £10 if the coin exchanged bore a value higher than the proclamation rate. But no one should be compelled to accept coin as the proclamation valued it. The act did not restrain the Queen from changing the values of coin; likewise she might assent to acts of the colonies ascertaining the rates of money. Beyond the defined penalty, no provision was made for enforcement; additional officers were not appointed; nothing was done to supply the colonies with the means of determining the weight and alloy of coins.[32]

Several of the colonies evaded the new law as effectively as they had evaded the proclamation. In Massachusetts, the local courts applied a rate that valued foreign coin at 55 per cent above sterling rather than the 33⅓ per cent allowed by the proclamation.[33] New York did likewise; and the Assembly consistently refused to vote money unless it were valued at the former rate.[34]

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[32] 6 Anne, c. 58.

[33] Dudley to Board of Trade, November 13, 1711, C. O. 5:865, no. 73. J. B. Felt, *Historical Account of Massachusetts Currency* (Boston, 1839), 60. Connecticut, Rhode Island and New Hampshire each adopted the Massachusetts rate of 8s. an ounce. Acts of Connecticut, C. O. 5:538, 152, 155; *Colonial Records of Rhode Island*, IV, 96; Usher to Board of Trade, received, June, 1708, and July [?], 1709, C. O. 5:864, no. 225, and C. O. 5:865, no. 34.

[34] Even before the act of 1708 became effective, New York tried to evade it by ordering that standard pieces of eight should pass at 8s. an ounce. Cornbury joined the Council and Assembly in urging the acceptance of this order. They argued that it merely retained the value to which the colony was accustomed. A high rate was necessary to draw coin from the West Indies; the same value prevailed in New England; ruin would overtake the province if the proclamation were enforced. But the Board of Trade felt that the defection of New York would frustrate the whole policy, and the province law was straightway disallowed. The Assembly replied by legalizing the clipping of standard pieces of eight. If they were to pass at 6s. each, part of the silver might be cut from the heavy coins so that the 8s. an ounce rate could be more easily maintained. *Laws of Colonial New York*, I, 620-1, 714; governor, Council, and Assembly of New York to the Queen, October, 1708, C. O. 5:1049, no. 99(i); Cornbury to Board of Trade, October 18, 1708, *Idem*, no. 99; Board of Trade to the Queen, February 18, 1709, C. O. 5:1121, 259-61; Order in Council, March 5, 1709, C. O. 5:1049, no. 100. Two acts of 1709 illustrate the advantage held by the province in its contest with the Crown. They levied taxes of £10.000, the sum being computed at 8s. to an ounce of silver. The money was to be used for the Canada expedition. The Board of Trade objected, but the Privy Council refused to reject the grants and consequently ignored the proclamation when it opposed the immediate interests of the Crown. Report of Board of Trade, November 27, 1709, C. O. 5:1121, 461, 467-8; Order in Council, December 15, 1709, *Idem*, 496.

After 1709 the Assembly insisted on voting supplies at the rate of 8s. an ounce. When the Crown opposed, the delegates adopted an exasperating device. They refused to appropriate money in a lump sum to be apportioned by the governor, Instead, they itemized each grant, and moreover stated the individual sums in ounces of silver. Most of the bills did not openly declare a value of the silver thus to be paid, but it is clear what the Assembly

After a long contest, Governor Hunter gave in. " 'Tis not in the power of men or angels," he wrote, "to beat the people of this continent out of a silly notion of their being gainers by the augmentation of the value of plate." Pennsylvania[35] adopted an in-

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was about. If it intended to pay a claim, say of 20s., and the money were granted at the proclamation rate, the silver would have amounted to 2.9 ounces. However, at the province rate of 8s. an ounce, only 2.5 ounces would have been required. Had the governor been privileged to apportion the grants he would have done so at the proclamation rate. Since all claims on the province were expressed in pounds and shillings, the Assembly's device of appropriating silver at the province rate prevented a deflation of the currency. Hunter and the Council saw through the plan and resisted it as best they could. They demanded general appropriations to be apportioned by the governor—which meant at the proclamation rate. A deadlock followed, and for four years no general supplies were voted. Hunter declared in 1714 that the province owed him £5,000: the Assembly was bent on reducing public salaries by preserving the inflated price of silver. Finally, in 1714, the two parties agreed to a £27,000 appropriation act. Payments were to be made in newly issued bills of credit valued at the rate of 8s. an ounce. Though the act openly violated the proclamation, it was confirmed by the Crown. The next year Hunter signed a bill establishing a revenue for five years. He surrendered again, for the act continued the itemized appropriation and the 8s. an ounce evaluation. The Board of Trade rebuked him for the latter concession: New York's example would encourage the proprieties in a similar course. New York Laws, C. O. 5:1144, 99, 105-6, 107-10, 136-7, 139; Assembly bills of 1710, C. O. 5:1050, nos. 8(i-iii, v); bills of 1711, *Idem*, nos. 45(v-ix, xi, xii, xv), Board of Trade on New Work revenue, *Idem*, no. 15; Assembly bills of 1713, *Idem*, no. 82(i); New York Council to Board of Trade, December 13, 1711, C. O. 5:1050, no. 45(i); Ingoldsby to Board of Trade, July 5, 1709, C. O. 5:1049, no. 107; Hunter to Board of Trade, November 28, 1710, January 1, June 23, November 1, December 12, 1712, March 14, May 11, July 13, 1713, August 27, 1714, C. O. 5:1050, nos. 8, 45, 51, 60, 59, 63, 65, 67(i), 68, 82.

The resistance of New Jersey paralleled that of New York. An act of 1709 granted taxes in standard pieces of eight valued at 8s. an ounce. The Assembly, wrote Ingoldsby, "will pass no bill for money but to be paid at the value it was before the said Act [of Parliament] took place." In 1711 the province emitted bills of credit and made them equal to current coin: that is, 8s. in bills were worth an ounce of silver. Act of 1709, C. O. 5:1006, no. 18; Ingoldsby to Board of Trade, C. O. 5:1049, no. 107; paper acts of 1711, C. O. 5:1006, nos. 30, 35.

[35] A provincial law of 1709 made a distinction between two kinds of payments—those contracted prior to May 1, 1709, and those agreed to after that date. As to the latter, the act reasoned in this manner. The value of the piece of eight was determined in reality by its purchasing power. Previously, a heavy coin had passed at 8s. in the province; this same piece of eight "when called six shillings only is of no less value in itself than it is when called eight shillings, but ought to purchase the same quantity of goods." The seller would then obtain as much silver as when prices had been higher and the piece of eight had gone at 8s. Accordingly, all wages, debts, salaries, and other payments determined after May 1, 1709, should be discharged in proclamation money at three fourths of the amount that had been customary for the same goods and services when measured in the former currency.

The act also took care of payments previously contracted. Creditors, if they received money for old debts at the proclamation rate, would obtain an extra third in silver. To prevent this the law enacted that all debts, salaries, and fees determined before May 1, 1709 should be paid at the rate of 9s. 1d. an ounce of silver, Mexico, pillar, or Seville. Quite naturally the Solicitor-General found the act obnoxious: "by lowering the price of goods," he said, "the coin there will be raised to the old value." The act fell before the royal disallowance in 1714. Yet the Assembly later tried to legalize the old province rate, and in private transactions the piece of eight passed as if Parliament had not acted.

genious device to nullify the new law, and South Carolina continued its old evaluation above the proclamation maximum.[36] Maryland alone accepted the official British standard.[37] In Virginia a contest between the governor and Assembly terminated in an act of 1710. This valued a piece of eight of seventeen and a half pennyweight at 5s. 5d.[38] As a result of these measures, five different rates of colonial money prevailed on the mainland after 1710 instead of the single standard anticipated by the proclamation of 1704. Unfortunately for England, the regulation was imposed at an inauspicious time. The financing of Queen Anne's War gave the assemblies a weapon to use against the proclamation: they refused to grant money unless valued at the former provincial rates.

Ratios of colonial money to sterling, after 1708:

New England	155:100
New York	155:100
Pennsylvania	178:100
Maryland	133⅓:100
Virginia	120:100
South Carolina	161:100

Pennsylvania Statutes, II, 294-7, 543; report of R. Raymond, December 22, 1713, C. O. 5:1264, no. 140.

[36] Act of May 7, 1709, C. O. 5:411, 158.

[37] The response of Maryland took the form of a law of December, 1708, which made the proclamation rate the official standard of the province. The new value applied to all debts incurred after May 1, 1709, and to all duties, public charges and officers' fees which by law were payable in money. Governor Seymour advised that the law be confirmed. All foreign coins, he wrote, were "rated as in the . . . proclamation, saving the dog dollars of the low countries which being the only general coin among us and of so many provinces and of different values that it would be very difficult to make a true estimate, . . . are settled at four shillings and six pence." This was a modest rating compared with that of 5s. 6d. for the dog dollar in New York. The Maryland act confirmed the practice which the province had adopted when the proclamation first went into effect, and until bills of credit were issued in 1733 proclamation money and current money there were synonymous terms. Maryland act of December 17, 1708, C. O. 5:729, 61-2; report of Seymour, December, 1708, C. O. 5:716, no. 69(ii).

[38] A law of 1710 declared that future debts should be paid in standard pieces of eight at 3¾d. a pennyweight. Money had to be received by creditors at this rate, under pain of forfeiting any sum refused. The new evaluation did not extend to payments already due to the Queen, to public salaries, to protested bills of exchange, to agreements calling for sterling, or to debts contracted in Great Britain. Governor Spotswood described the conditions out of which the law arose: "The uncertainty of the coin has of a long time been a matter of general complaint in this country, and the remedying of it has often been attempted without success in former assemblies, the great difficulty being to settle a currency without prejudicing Her Majesty's revenue; . . . but I hope the Act now passed is contrived so as to answer both." Acts of Virginia, C. O. 5:1385, 29-31; Spotswood to Board of Trade, C. O. 5:1316, no. 62.

In resisting the proclamation and the act of 1708, all the mainland colonies except Virginia and Maryland were attempting to withstand deflation rather than to achieve additional inflation. New England, New York, New Jersey, Pennsylvania, and South Carolina had each adopted rates prior to 1704 which were higher than the proclamation maximum. In these colonies, it was assumed that reduction of money rates would lower the general price level, with disastrous results to debtors and taxpayers and to trade in general. Inflation had given these colonies an advantage over the plantation area in the competitive quest for coin; they were therefore reluctant to be deflated while the provinces which had previously had lower rates prepared to raise values to the level allowed by the proclamation.

After 1715 the inflationary movement in the colonies took a new direction. The introduction of paper money accounts for the change. All New England by this time had issued bills of credit; so had New York, New Jersey, and the two Carolinas. Pennsylvania followed in 1723 and Maryland in 1733. In the early stages of the paper experiment, the colonial bills were not declared current lawful money, but the acts of issue stated that the bills should be worth silver at the official province value in all *public* payments. Even before 1720 depreciation had attacked the paper of each colony. Conflicts between creditors and debtors had appeared in Massachusetts, Rhode Island, South Carolina, and New York. The inflationists had turned from the device of raising the value of foreign coin to schemes for enlarging the supply of bills of credit and for making them legal tender in all payments. The depreciation of paper had the further effect of driving away what little coin the colonies obtained. This fact also helps to explain why the interest in altering the value of foreign coin declined. Thus by 1720 one of the inflationary movements of American history had passed its zenith—to be succeeded by similar movements through which new communities producing a few farm products sought to enhance the value of their surplus by currency regulation rather than by diversifying the economic activities of the community.

CHAPTER X

THE BEGINNINGS OF PAPER MONEY

> These several colonies, by means of their paper only, do actually carry on three times the business which they ever did, or indeed could possibly do now without it: that is, by encouraging the planter and manufacturer with a ready market for his commodity, they have increased the quantity of their export, fully employed their shipping, and brought in a greater balance of cash to pay for European goods . . . than otherwise was practicable to be done.—Governor Keith of Pennsylvania to the Board Trade (1723).

The issuing of paper money in the colonies came as the culmination of financial practices long in vogue. From the earliest times the settlers made use of private credit. Men of property gave their promissory notes, and the laws of the colonies generally safeguarded the endorsements of such notes: the signer was obliged to pay the full sum to the individual to whom the note was finally endorsed. Hence a bill or note of a respected person might pass from hand to hand in a locality for several months, all the time serving as a substitute for money.[1] Bills of exchange had the same effect. Most of the bills that circulated in the colonies were simply checks drawn on deposits lodged with English agents. Endorsed from person to person, they passed freely in public and private payments. In Virginia, for instance, the duty of 2s. a hogshead on tobacco exported was paid in bills of exchange which were assigned by the receivers to the provincial officials in payment of their salaries. The latter used them to buy the tobacco derived from the quit-rents, endorsing them to the receiver-general, who thereupon sent them to the English Exchequer or disposed of them in the colony as the Crown directed.[2] The widespread use of personal notes and of bills of exchange accustomed the colonists to the practice of securing ready cash by anticipating future resources or by drawing on existing credits.

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[1] For examples of this type of law see *Pennsylvania Charter and Laws*, 210-11; *Records of the Colony . . . of New Haven. . . .* (Edited by C. J. Hoadly, Hartford, 1858), II, 574-5; *Colonial Records of Connecticut*, I, 512.

[2] Hartwell, Chilton and Blair, 1697, C. O. 5:1309, no. 30(i).

The same thing happened in connection with public business. The treasurers of different colonies issued promissory notes in order to pay debts in advance of tax collections. When the tax money came into the treasury, the outstanding notes were redeemed. Likewise the treasurers issued orders directing the officers of the various towns to make public payments out of the colony's stock on hand in the town concerned. This eliminated sending the tax money to the treasury and back again to the locality. The orders thus given might pass among various people upon endorsement until payment was finally made.[3] At Nevis, treasurer's notes caused much vexation. In 1688 the creditors of the colony protested against the use of the notes and requested payment in money or sugar. The prevalence of the notes is indicated by the Council's reply that the treasurer "ought to have some time to consider of his affairs and not to be surprised with so hasty a proposal."[4]

When the colonial governments borrowed money outright they again resorted to bills of credit. Massachusetts in 1676 borrowed from certain provincial merchants, offering treasurer's receipts to the lenders. The security for the loan consisted of the public lands of the province. Such receipts might be transferred by the original owners to their creditors, and then circulate as a crude form of currency.[5] South Carolina prefaced its first paper issue with a loan secured from private individuals, doubtless covered by treasurer's notes given in anticipation of taxes.[6]

The use of private and public credit in a small way naturally led to the suggestion of pooling resources and of issuing bills of credit through an organized body. One plan contemplated a private bank of landowners who should pledge their property as security for bills to be issued. Ordinarily it was assumed that these bills would not bear interest but would be redeemed at a specified time. Nor did the early plans call for a permanent fund of coin or fluid capital for retiring the bills when due. What was anticipated resembled a regulated company rather than a joint-stock. The members would pledge a certain amount of either land or personal property as security for the bills, and the company would determine the total amount to be issued. The members would agree to accept the bills of fellow members in ordinary dealings, but apparently each member was to issue his own bills and to have the responsibility for redeeming them. From the scanty evidence remaining it appears that John Winthrop, Jr., suggested such a scheme for Connecticut in the 1660s.[7] In Massachusetts the Reverend John Woodbridge championed a similar proposal, publishing in 1682 his *Severals Relating to the Fund*.[8] Perhaps a bank was actually in operation for a short period in 1681-82. In 1686 a new project was presented by John Blackwell. The Council gave its sanction and ordered that the bills of the new bank should be esteemed current money in both public and private payments. This bank, however, never actually got under way. It was sponsored by the Massachusetts officials during the term of Andros; it is likely that the scheme became involved in his downfall.[9] Later, when Blackwell was governor of Pennsylvania, he recommended to the merchants there that they might properly issue personal bills to pass as money among such people as would accept them. Nicholson in 1695 reported that Pennsylvania had a bank of £20,000 but he did not describe its features.[10]

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[3] After 1670 Connecticut provided that the salaries of deputies might be paid out of the colony's revenue in their places of residence. Nettels, *Connecticut Money*, 25. Massachusetts in 1675 allowed the local committees of militia to buy military stores in the various towns, receiving payment from the colony taxes collected in the locality. *Massachusetts Colonial Records*, V, 66.

[4] Proposal of Nevis Assembly, August 28, 1688, reply of Council, C. O. 155:1, 177-8. Rhode Island enacted, March 23, 1697, "that all those bills for money due to the deputies for serving at assemblies, which are signed by the clerk of the House of Deputies, shall be good to all intents and purposes, as to demand and receive their salary by; and so to stand for the future." *Records of the Colony of Rhode Island. . . .* (Edited by J. R. Bartlett, Providence, 1856-65), III, 326.

[5] Act of February 21, 1676, *Massachusetts Colonial Records*, V, 71.

[6] *South Carolina Statutes*, II, 189, 210.

The second plan suggested was an outgrowth of the notes of provincial treasurers. Instead of allowing the treasurer to issue bills in anticipation of taxes, the assembly assumed this task itself. It provided for stamping bills of credit which were to be used at first to pay public debts and then to be retired when certain designated tax money had been collected. The colonial treasury was pledged to the redemption of the bills issued. This, of course, was the most common type of paper money struck in colonial times.

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[7] *Proceedings of American Antiquarian Society* (1884), III, 270-2; *Proceedings of the Massachusetts Historical Society*, 1878, 213-16; 5 *Collections Massachusetts Historical Society*, VIII, 86-7, 135.

[8] This paper is reprinted in Davis, *Tracts Relating to Massachusetts Currency*, 1-12.

[9] Davis, *Currency and Banking*, II, 75-81; Felt, 46-7.

[10] Charles P. Keith, *The Chronicles of Pennsylvania* (Philadelphia, 1917), I, 293.

A third plan combined certain of the features of the private bank and of public bills of credit. The colonial government should create a land bank by issuing bills of credit which were to be distributed among citizens in exchange for mortgages on their lands. The receiver of the bill should pay an annual interest charge for the use of the money; likewise it was his duty to redeem the bills at a stated time. By this means public and private interests were bound together to make the land bank a going concern.

A Virginia tobacco act of 1713 provided for another use of credit. The planters were directed to bring their tobacco to public warehouses where it should be tested, weighed, and stored. The planter received in exchange certificates called tobacco notes. These stated the amount and quality of the tobacco deposited, and constituted the planter's title to the tobacco. The notes could then be used in all tobacco payments in the colony: they were freely transferable, so that the last holder acquired the right to remove and sell the tobacco which was covered by the note.[11]

By 1715 the colonial experiment with public bills of credit had made considerable progress. Massachusetts inaugurated the movement with its initial issue of 1690. South Carolina put out its first bills in 1703. Barbados made a fruitless attempt in 1706. The year 1709 brought forth the issues of Connecticut, New York, New Hampshire, and New Jersey. Rhode Island followed in 1710 and North Carolina in 1712. Thus before 1715 each of the mainland colonies except Virginia, Maryland, and Pennsylvania had established a paper currency in the form of bills of credit.

Many factors and conditions produced this innovation. It is difficult to determine to what extent the colonies were seeking consciously a remedy for their money troubles—to what extent they hoped, through bills of credit, to stimulate commerce. When considering the proposed bank in 1686 the Massachusetts Council had in mind particularly "the great decay of trade and obstructions to manufactures and commerce in this country, and multiplicity of debts and suits thereupon, principally occasioned by the present scarcity of coin." It did not appear "how the same may be remedied, unless some other secure medium be approved than a species of silver."[12] Later William Penn asserted that "the want of money to circulate trade . . . has put Boston herself upon thinking of tickets to supply the want of coin."[13] An act of 1690 mentioned "the present poverty and calamities of the country, and through a scarcity of money the want of an adequate measure of commerce."[14] The same view was reaffirmed by an act of issue in 1702.[15] At the close of the war the Assembly declared that the bills issued had greatly stimulated business and that a trade depression had occurred when most of them had been withdrawn.[16] The movement after the war was borne along on the confidence of the public that paper served effectively in place of coin.

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[11] Spotswood to Board of Trade, December 29, 1713, C. O. 5:1317, no. 20; act of 1713, *Ibid.*, no. 44(vii).

It was undoubtedly a scarcity of coin that led the planters of Barbados to issue the short-lived bills of 1706. This scarcity made the paying of money debts extremely difficult; it threw a shadow of insecurity over the whole economic life of the island.[17] Connecticut in 1709 justified its first issue by the claim of money shortage, and South Carolina in 1712 sought to give "a further encouragement to trade and commerce" by means of £52,000 in new bills.[18]

An account of New York paper, written in 1720 by Sir H. Macksworth, maintained that "the want of silver and gold was the occasion of these bills and species, and that want was occasioned because they are confined in their trade, chiefly to Old England, where the balance of trade being against them, they have been forced to send almost all their silver and gold."[19] The Assembly of Rhode Island stated its case in 1715 for reissuing bills after the war. The colony's money supply was exhausted, "so that there is a sensible decay of trade, the farmers thereby discouraged, husbandmen, and many others, reduced to great want; and all sorts of business languishing, few having wherewith to pay their arrears; and many not wherewithal to sustain their daily wants by reason that the silver and gold in the first place to defray the incidental and occasional charges, have been exhausted; and those few bills of public credit put forth by this government falling far short of discharging the colony's arrears, has left us little or no medium of exchange."[20]

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[12] Report of Dudley and Council, September 27, 1686, quoted in Felt, 46, citing *Massachusetts Archives, Usurpation*, I.

[13] Root, *Relations*, 182.

[14] Act of December 10, 1690, Weeden, I, 379.

[15] Act of November 21, 1702, C. O. 5:771, 233-4.

[16] Act of November 4, 1714, *Massachusetts Acts and Resolves*, I, 751.

[17] Messrs. Sharpe, Cox, and Walker to Board of Trade, October 8, 1707, C. O. 28:10, no. 40(ii).

[18] Connecticut act of June, 1709, C. O. 5:538, 145; *South Carolina Statutes*, II, 389.

[19] "Sir H. Macksworth's Proposal in Miniature. . . ." C. O. 5:1085, no. 30.

If coin shortage was an underlying cause, war provided the immediate occasion for paper money. When Massachusetts sent its expedition to Canada in 1690 under Phips it did not make adequate financial arrangements. The leaders assumed that success and enemy treasure would pay the necessary costs. Failure, debts, unpaid soldiers, and threats of mutiny at Boston were the actual results. This situation evoked the first paper issues. Not a general shortage of money but a shortage of cash in the provincial treasury, observed Sewall at a later date, gave birth to the first bills of credit.[21] When Dudley became governor in 1702 he found the supply of coin totally insufficient for financing the French war. He was obliged to maintain a thousand men at a yearly cost of £30,000. Without paper money he testified, he "could never have subsisted nor clothed the forces, that have defended . . . these colonies . . . , but must have left all to ruin and mischief."[22]

Frontier struggles also forced the Carolinas to act. Beginning with the South Carolina issue of 1703, caused by indebtedness arising from the St. Augustine expedition, the various acts of the two provinces usually pled the exigencies of Indian wars as the occasion for emitting additional bills.[23] The Canada expeditions and the accompanying requisitions on the northern colonies started New Hampshire, New York, Connecticut, New Jersey, and Rhode Island on their paper careers in 1709-10, and led to general reissues in 1711.

Once a colony had become accustomed to the bills it quickly added to the uses for which they were issued. Massachusetts in 1694 ordered that reissued bills should be paid out to meet the general expenses of the province in anticipation of tax collections.[24] This practice continued, and later acts enumerated many purposes for the initial use of the bills: they were to pay public debts, provide for the support of the government, take care of Assembly grants, and prosecute the war. Similar appropriations of newly issued bills appeared in South Carolina in 1707,[25] in North Carolina in 1715 and in New Hampshire in 1712.[26] Rhode Island in 1711 emitted £300 which it lent to one of the public creditors.[27] An important issue in New York in 1714 was to be used to pay provincial debts that had accumulated in the long struggle between the Assembly and Governor Hunter.[28] Ordinarily, after two or three years, the individual colony abandoned the practice of designating newly issued bills as for military service only, and ordered that they be used in all sorts of public payments.

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[20] Act of July 5, 1715, *Rhode Island Colonial Records*, IV, 189-90.

[21] Weeden, I, 379; Davis, *Currency and Banking*, I, 8; *5 Collections Massachusetts Historical Society*, VI, 366.

[22] Dudley to Board of Trade, December 1, 1713, C. O. 5:866, no. 153.

[23] Act of May 8, 1703, *South Carolina Statutes*, II, 210; C. J. Bullock, *Essays on the Monetary History of the United States* (New York, 1900), 129.

Only one colonial law suggests an open design of lessening private indebtedness by means of paper money. This was the act of Barbados, the avowed purpose of which was to enable debtors to pay their debts.[29]

The main interest in paper money centers in its relation to other forms of colonial currency. How might a uniform value of paper in terms of specie be preserved? What was the standard of value to which public paper should conform? By 1690 every colony had created a special currency of its own, called "current lawful money of the province." This currency consisted of foreign coins (principally Spanish pieces of eight) which were valued by provincial law in terms of shillings. Thus a Massachusetts act of 1692 defined pieces of eight, Mexico, pillar, or Seville, of seventeen pennyweight, as worth 6s. each in the colony. Such foreign coins were received and disbursed at their legal rates in all public payments. The persistent tendency of the colonial legislatures was to give the silver in the piece of eight a legal value higher than its intrinsic value when exchanged for English coins. Thus Massachusetts valued at 6s. a piece of eight worth less than 4s. 6d. in English coin. The piece of eight, Mexico, pillar, or Seville, became the common measure of current lawful money; that is, an ounce of silver in colonial finance came to mean an ounce of silver in pieces of eight, Mexico, pillar, or Seville. When bills of credit appeared, the colonial legislatures intended that such paper should be equal to current lawful money. A certain number of shillings in bills of credit were supposed to represent an ounce of silver, Mexico, pillar, or Seville, as valued by law. Although the earliest colonial acts authorizing the issue of paper did not define bills of credit as current lawful money, it was uniformly provided that such bills should pass as current money in all public transactions—that they should be receivable as such in all public payments. When the bills were made legal tender they became equivalent to current lawful money in private transactions.[30]

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[24] Act of June 22, 1694, *Massachusetts Acts and Resolves*, I, 173.

[25] *South Carolina Statutes*, II, 302.

[26] Bullock, 130.

[27] Act of October 15, 1712, C. O. 5:951, 125.

[28] Act of July, 1714, C. O. 5:1144, 189.

[29] Act of 1706, C. O. 389:19, 387.

In the opinion of the colonists, the principal factor affecting the specie value of their paper was the provision made for redeeming it from tax revenues. When new issues of bills were voted, the legislatures levied taxes to create a fund for redemption.[31] Taxpayers might pay their taxes in the outstanding paper,

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[30] See Chapter 9.

[31] The first phase of the Massachusetts experiment extended from 1690 to 1702. The issues authorized in 1690 and 1691 amounted to £40,000. At first the people would not give current money in exchange for these bills at their face values. In October 1691, bills amounting to £10,000 that had found their way into the provincial treasury were destroyed. The next year an act levied a tax of £30,000, presumably to sink the remaining £30,000 of bills in circulation—a tax to be collected in 1693 and 1694. After the latter year, Massachusetts paper travelled a smooth course. Ordinarily the total sum outstanding did not exceed £15,000. When reissues were made, only small amounts—£2,000 to £6,000 at a time—were returned to circulation. Moreover, the Assembly voted adequate taxes for redeeming newly issued bills. On the average the collection of such taxes came within eight months after the bills went into use. The sum of the bills outstanding in the single year between 1693 and 1702 was probably less than the total amount of taxes paid annually by the province. Davis, *Currency and Banking*, I, 11-17. The acts relating to paper money for the period 1690-1702 are printed in *Massachusetts Acts and Resolves*, I. They are as follows: June 24, 1692, 29-30; July 2, 1692, 36; December 16, 1692, 93; December 11, 1693, 146; June 20, 1694, 165; June 22, 1694, 173; September 14, 1694, 177; October 27, 1694, 188; March 15, 1695, 201; June 27, 1695, 215; March 5, 1696, 228-30; June 17, 1696, 243; October 3, 1696, 250; December 18, 1696, 262; June 16, 1697, 278; October 29, 1697, 301; June 27, 1698, 337; December 9, 1698, 358-9; July 14, 1699, 356-7; March 23, 1700, 417; July 13, 1700, 438-41; April 19, 1701, 454; June 30, 1701, 483-6; June 25, 1702, 497. See also Weeden, I, 380-8.

In the early years of Queen Anne's War, Massachusetts paper continued to command full respect. The total amount placed in circulation was not excessive. The total sum of bills outstanding at the end of each year until 1710 was:

1702	£ 5,000	1705	£28,000	1708	£43,000
1703	10,000	1706	28,000	1709	64,000
1704	22,000	1707	28,000	1710	89,000

During this period the province provided for the retirement of its bills. The issues of 1702-3 were redeemed by taxes within about a year, those of 1704-6 within about eighteen whereupon it would be destroyed. Or payment might be made in specie or produce, which could then be exchanged for the bills still in private hands. The security for the bills of Connecticut,[32] New

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months, and those of 1707-8 within from two to three years. The issues of 1709, however, were to run four years, and by the time the bills of 1710 had been emitted the province had mortgaged its future income from direct property taxes for nearly five years to come. The taxes paid annually to redeem the bills amounted to about £22,000. However, when the bills were in the hands of the treasurer, the Assembly refused to destroy them; it merely issued them out again. Thus the special taxes did not lessen the total volume of paper outstanding: they only prevented an unmanageable increase.

For acts of the period 1702-10, see C. O. 5:771; act of November 21, 1702, 234-5; March 27, 1703, 243; September 9, 1703, 152; March 24, 1704, 261; *Massachusetts Acts and Resolves*, I: act of March 27, 1703, 515; July 27, 1703, 520-5; September 9, 1703, 533; November 23, December 2, 1703, 542; March 24, 1704, 540; June 24, 1704, 548-51; June 30, 1704, 548-51; June 30, 1704, 561; August 17, 1704, 561; November 18, 1704, 562; February 27, 1705, 562; June 30, 1705, 566-70, 580; December 3, 1705, 581; April 12, 1706, 581; July 9, 1706, 601; July 13, 1706, 589-93; December 7, 1706, 601; March 22, 1707, 602; June 13, 1707, 610; June 12, 1707, 617; July 1708, 624; July 3, 1708, 634-5; October 29, 1708, 635; February 26, 1709, 635; June 18, 1709, 645-6; November 8, 1709, 646; February 17, 1710, 647; June 20, 1710, 658-62; June 23, 1710, 658; November 11, 1710, 669.

After 1710 the situation changed. The time for paying taxes to redeem new bills was set farther into the future: postponements of six or seven years became the common rule. When the public resources were thus pledged so far ahead, the Assembly made use of private credit as a security for new bills. In 1711 an issue of £50,000 was lent to merchants of the province to be redeemed by them within two years. These merchants furnished the supplies for the Hill-Walker expedition, for which they were paid in the newly issued paper. The security they presented for redeeming the bills consisted of bills of exchange given them by British agents in payment for the supplies provided. As these bills of credit were like all other province bills, they added £50,000 to the total volume of paper, the merchants being allowed two years in which to redeem them. The Assembly next made use of private credit in 1714 and 1716, when it issued £50,000 and £100,000 respectively to be lent to private citizens on land security. Through these and other issues the total sum of the bills rose considerably—approximately to this extent:

Dec. 31 1711	£145,000	Dec. 31 1713	£152,000	Dec. 31 1715	£170,000
Dec. 31 1712	£160,000	Dec. 31 1714	£184,000	Dec. 31 1716	£202,500

In 1714 Paul Dudley referred to the "excessive price of every thing among us (and even the very necessaries of life)," and in 1717 Governor Shute complained of an "intolerable discount on the bills." Every one now noted the utter dearth of coin; paper served in all transactions. As measured by coin, sterling exchange, or prices of commodities, the bills of credit were falling steadily in value.

For acts after 1710 see *Massachusetts Acts and Resolves*, I: June 13, 1711, 686; November 3, 1711, 687; March 19, 1712, 687; June 7, 1712, 693-5; June 13, 1712, 707; June 17, 1713, 711-15; June 16, 1713, 733; June 25, 1714, 741; June 22, 1714, 752; November 4, 1714, 750-2; August 25, 1715; *Ibid.*, II, 34-5; December 20, 1715, 35; June 23, 1716, 70; December 3, 1716, 70. Order of Massachusetts Assembly, July 6, 1711, C. O. 5:898, no. 10(x); Davis, *Currency and Banking*, I, 55-61; act of November 4, 1714, *Massachusetts Acts and Resolves*, I, 750-51; act of December 4, 1716, C. O. 5:774, 283; *Massachusetts Acts and Resolves*, II, 17-21, 33, 52-7; Dudley to governor and Council of Massachusetts, August 17, 1714, C. O. 5:866, no. 159(ii).

[32] The fact that Massachusetts paper maintained a parity with province money until about 1712 must have been instrumental in leading the other colonies to similar issues. Connecticut struck its first bills before the depreciation of Massachusetts currency. Those put

Hampshire, and New Jersey consisted only of general property taxes. Such taxes also secured part of the issues of every other colony, but in New York they were supplemented by revenues from an excise on strong liquors and from import and tonnage duties.[33] North Carolina used a poll tax, and South Carolina

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into circulation between 1709 and 1716 represented £45,500. The aggregate of the bills outstanding at the end of each of these years was:

1709	£19,000	1711	£23,000	1714	£26,350
1710	20,000	1712	24,500	1715	26,500
		1713	25,200		

Although each year showed an increase, it was normally very slight. When new issues or reissues were voted, the Assembly always provided a tax—and one generally about 5 per cent larger than the sum of the issue. But the collection of such taxes was placed far into the future. The tax to redeem the first issue became due half after one year, and half after two years. The tax for the second issue was postponed six years; for the third issue, eight; for the fourth, nine; and for the fifth, twelve. Then the Assembly became more cautious: issues of 1712 and 1713 were to be redeemed in from five to eight years. But the postponement increased again in 1714 and 1715 to ten years. The £26,500 in bills circulating in 1715 were covered by ten separate taxes, one of which was to be collected each year until 1725. By the close of the war the bills had become the common currency of the colony. *Colonial Records of Connecticut*, 1706-16, act of June 8, 1709, 111-12; in C. O. 5:538: acts of June 9-11, 1709, 145-8; October, 1709, 148; May, 1710, 152-5; October, 1710, 155-6; May, 1711, 157; June, 1711, 171; May, 1712, 175; October, 1712, 183-4; May, 1713, 185-6, October, 1713, 189-90; May, 1714, 193; October, 1714, 199; May, 1715, 201.

[33] Three separate issues of 1709 (£13,000 in all) initiated the paper policy of New York. The next emission (1711) created £10,000 in new bills. Then came a large issue for £27,680 in 1714, followed by a £6,000 addition in 1715. Rough estimates show the following amounts outstanding at the close of the years 1709-16:

1709	£11,000	1711	£17,000	1714	£33,365
1710	7,000	1712	13,000	1715	36,350
		1713	9,000		

The bills of 1709 (£13,000) were put out in advance of direct taxes previously granted amounting to £14,000. The Assembly arranged that these taxes should come in gradually, in seven instalments of £2,000 each, to be paid between November 1709 and November 1713. Of the total tax, £6,000 was to be paid within eighteen months, and the remaining £8,000 within thirty to forty-eight months. A further tax of £10,000 covered the issues of 1711—a tax consisting of ten semi-annual payments of £1,000 each beginning May, 1714, and running through November, 1718. However, the province now refused to pay interest on its outstanding bills, although it redeemed them promptly when the designated taxes came into the treasury.

The issue of 1714 marks a change of tax policy. Instead of a direct tax, the Assembly provided that the income from an excise on strong liquors should secure the bills. For each of twenty-one years the excise revenue should be used to retire a part of the bills: the tax therefore would have to yield on the average £1,315 a year. Only bills of the 1714 issue could be tendered for the excise, and thereafter they were to be destroyed.

The issue of 1715 resorted to import and tonnage duties which were to cancel the new bills (£16,000) at the rate of £1,200 yearly in the period July, 1716 to July 1720. By 1715, the future revenues of the province had been heavily mortgaged: approximately £4,500 was due in each of the years 1716, 1717, and 1718 For the next two years the taxes amounted to about £2,300, and for the period 1721 and 1734 the liquor excise was pledged to redeem a small annual quota of the remaining bills.

The province regularly valued its paper money at 8s. an ounce of silver. By 1717 depreciation had set in. "The multiplying of paper money," wrote a group of merchants trading to New York, "prevents the currency of silver and gold, for whilst the former is relied in part on duties on negroes and goods imported and on furs and skins exported. Massachusetts, Rhode Island,[34] and South Carolina each based a large issue on private land securities.

Several practices of the colonies crossed their theory of redemption. First of all, the date of collecting taxes was postponed far into the future. Massachusetts, Rhode Island, South Carolina, and New Hampshire[35] generally deferred such collec-

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in being, the other is kept up so that the traders cannot remit in gold or silver as usual, neither is it to be got under 10 per cent more than usual whilst paper money is circulating." Act of June 9, 1709, C. O. 5:1147, no. 26; July 26, 1711, *Ibid.*, nos. 46, 47; acts of November, 1709, C. O. 5:1144, 102-3, 107-8; act of July, 1714, *Ibid.*, 191; memorial of eight merchants trading to New York, C. O. 5:1051, no. 67; acts of 1715, C. O. 5:1051, no. 3; C. O. 5:1144, 208-9.

[34] The policy of Rhode Island differed materially from that of Connecticut. The first issues of the former came in the year after July 1710—four separate emissions amounting to £13,000. Instead of increasing gradually the amount of its bills in circulation, the Assembly refrained for four years from further issues, and then all of a sudden, in July and October, 1715, flooded the colony with £40,000 in new land bank-bills. In the meantime provision had been made for supporting the first £13,000. The initial issue, for £5,000, was secured by a tax to be collected in four annual £1,000 installments beginning June 30, 1711. The second issue, for £1,000, carried no tax at all, and the third issue, also for £1,000, was protected by a £1,000 tax to be paid in June, 1711. Thus on June 30, 1711, two taxes were due—each for £1,000. It appears, however, that the colony paid only £1,000 at that time. The bills thus received were not destroyed; they were returned to circulation. Another issue of June, 1711 added £6,000 more to the total volume of bills without an accompanying tax. In the summer of 1711, therefore, the paper circulating amounted to £13,000—for which only £4,000 in taxes had been granted. Again in June 1712 the colony defaulted by not retiring the £1,000 which was scheduled for cancellation then, and the tax security shrank to £3,000. However, the Assembly voted a new tax of £8,000 in May, 1713. But this tax did not become effective until June, 1716; moreover, it was to be paid in yearly instalments of £1,000, so that the security funds for part of the bills did not come in until 1723. Once more the colony failed to pay the £1,000 due in June 1713; this left £3,000 without security. A new tax voted in February, 1714 provided for sinking £2,000 of the delinquent bills in April, 1714. But, when April came, the treasurer lacked the means, and of the £3,000 in taxes due in 1714 only £1,000 could be found for retiring bills. Whether the last instalment of the £5,000 tax, which should have been paid in June, 1715, was actually collected does not appear. The adding of £40,000 new bills made the total in use somewhere near £51,000. The security for this sum, consisted of £40,000 in mortgages on individual estates and £8,000 in taxes due at the rate of £1,000 yearly for eight years beginning June 5, 1716. The sudden expansion of the paper currency caused an early depreciation. Although at first declared to be equivalent to current New England money (then silver at 8s. an ounce), by 1715 the Rhode Island bills had fallen to 12s. an ounce. Rhode Island acts in *Rhode Island Colonial Records*, IV:96; October 25, 1710, 102-3; November 27, 1710, 106; June 28, 1711, 123-4; November 14, 1711, 128; February 27, 1712, 137; June 30, 1712, 146; May 6, 1713, 150; February 24, 1714, 164-5; May 5, 1714, 169-70; June 15, 1714, 176; July 5, 1715, 191; October 20, 1715, July 5, and October 26, 1715, *Acts and Laws of Rhode Island* (1730), 79-81, 83.

[35] In contrast to Rhode Island, New Hampshire held to a moderate course. Its first issues in 1709-10 placed only £5,500 in circulation. Small additions came later: £2,000 in 1711, £500 in 1712, and £1,200 in 1714. The close of the year 1715 found only £8,200

tions about four or five years. Connecticut and New Jersey each mortgaged part of their public revenues twelve years in advance, and New York secured one issue with taxes to be collected during a twenty-one year term.[36] Such levies on future income meant that a large number of bills went into circulation for which there was no immediate possibility of public redemption at their face values.

In the second place, some of the assemblies failed, at the time of issue, to provide adequate taxes for all the bills printed. Rhode Island, New Jersey, and South Carolina[37] each had paper outstand-

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on the average, about five years after the bills were emitted. However, when the first taxes were received into the treasury the bills on hand were returned to circulation. From the £6,000 security fund collected before 1715, only £1,000 of the bills were redeemed. But the province, when reissuing old bills, granted new taxes to retire them. The £8,200 circulating in 1715 were secured by taxes previously voted amounting to £10,500. However, the mortgage on the province revenues for the period December, 1715 to December, 1719 was ten times larger than the sum actually redeemed in the years 1709-14. The bills still had good standing in 1715, when they brought silver at the rate of 9s. an ounce. *Laws of New Hampshire* (Edited by A. S. Batchellor, Manchester, N. H., 1904, 1913), II: December 2, 1710, 102-4; May 14, 1711, 105; October 10, 1711, 112-13; October 15, 1712, 116; April 26, 1715, 186-7; see also Bullock, 207-8, 209, 211; see act of May 15, 1714, C. O. 5:951, 189-90; December 6, 1709, 69-71; Bullock, 210, 211.

[36] New Jersey before 1715 created but a slight volume of paper. Only two issues appeared—one of £3,000 in 1709 and one of £5,000 in 1711. The taxes for the first fell due in June of 1710 and 1711. However, the colony defaulted in 1710, and that part of the tax was delayed until June, 1712. The second issue (£5,000 of 1711) carried a tax of £5,440 to be paid in five yearly instalments, starting with 1712. An act of March, 1714 finally retired all the bills of the first issue, but it also put £2,000 of the new bills back into use—bills that had been paid as tax money in 1712-13. This sum of £2,000 went into circulation without any security to guard it. At the time the province was having great difficulty with tax collections: some of the unpaid taxes had been on the books of the province since 1708. At the close of 1714, the bills of credit outstanding must have amounted to about £4,700. Taxes amounting to £3,123 had been voted as security, leaving £1,677 unprovided for. Acts of June 30, 1709, February 10, 1711, July 16, 1711, March 11, 1714, C. O. 5:1006, nos. 7, 30, 35, 42. See also act for collecting taxes in arrear, March 16, 1714, *Ibid.*, no. 55.

[37] The first bills of South Carolina of 1703 (for £6,000) remained in use until 1707, although taxes were voted at the outset to redeem them. However, the province did not pay all these taxes, and moreover, as the money came into the treasury, it was spent for other purposes. A new issue of £8,000 in 1707 retired the old bills then circulating. The security now provided consisted of duties on skins, furs, negroes, and goods imported and exported. For four years, until July, 1711, these duties were to be used to retire the 1707 issue. Three additional emissions for £8,000 came in 1708 and 1711—one for £1,000, one for £5,000, and one for £2,000. The Assembly continued the duties until July, 1716, and applied them to the gradual cancellation of these bills. Apparently it was expected that the duties would retire about £2,000 of the bills annually. In November, 1711 another issue appeared—the so-called Tuscarora bills, amounting to £4,000. Accordingly, by the beginning of 1712, £16,000 in ordinary bills had been emitted in addition to the £4,000 of the Tuscarora issue. Had the special duties been used to redeem the earlier bills, a total of £8,000 should have been withdrawn by July, 1711.

The issue of June 1712 tells what had happened. This act created £52,000 in new bills. Of this sum £32,000 was to be lent on private security, and £4,000 to be put to public ing at times which was not backed by any security at all. New Hampshire, on the other hand, usually provided a tax fund larger than the sum of the bills authorized.

Moreover, many of the colonies became delinquent in the payment of taxes provided as security. Rhode Island and New Jersey were serious offenders on this score, and South Carolina to a smaller extent. About 1715 Massachusetts showed signs of defaulting. All the colonies fell into the habit of reissuing the bills when they were received at the date scheduled for cancellation, although a new tax was generally voted to cover those put back into circulation.[38]

Besides providing taxes with which to redeem newly issued bills of credit, the colonies used other devices to uphold their intended values in specie. Acts of issue generally promised that the holders of the colony's bills might at any time exchange them for any stock in the colonial treasury. But since the treasuries ordinarily did not have any stock of either specie or goods of

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uses, although no security accompanied this particular £4,000. The remaining £16,000 was to be used to draw in old bills for their redemption, excepting the Tuscarora issue of 1711. This meant that none of the earlier bills struck between 1707 and November, 1711 had been retired, for only £16,000 had been issued all together.

In 1716 it was estimated that there were bills in circulation issued before 1713 which amounted to £44,000. Apparently, only £8,000 of the issue of 1712 plus the Tuscarora bills (£12,000 in all) had been retired. The security for this £44,000 consisted principally of private mortgages and of the duties on imports and exports as extended to July, 1716. In the meantime, the province added £30,000 of new bills in 1715, covering them by a property tax of that sum to be paid in 1717. Accordingly, in 1716 the paper currency amounted to about £74,000. Depreciation had not set in by 1710, when paper exchanged for silver at 8s. an ounce. In 1715, the rate was 10s. 2d. an ounce; in 1720, 27s. 6d. an ounce. *South Carolina Statutes*, II: May 8, 1702, 210; December 23, 1703, 231; November 4, 1704, 248; 257, 277; April 9, 1706, 277; July 5, 1707, 302-5; July 12, 1707, 308; February 14, 1708, 322, 327; April 24, 1708, 326; March 1, 1711, 353-4; November 10, 1711, 366, 604; June 7, 1712, 604; an account of South Carolina paper in *South Carolina Statutes*, IX, 766, 769; "Demonstration of the Present State of South Carolina" presented to Board of Trade, June 23, 1716, by Richard Beresford, C. O. 5:1265, no. 30(i).

[38] North Carolina's initial issues of 1712 and 1713 created a paper currency of £12,000. Although tax security had been provided, it appears that these first bills remained current until 1715. An act of that year authorized a new emission of £24,000, half of which was to discharge public debts: holders of the old bills had to exchange them for the new, thus retiring all bills save the new £24,000. In order to redeem the bills, an act of 1715 granted an annual tax on polls and land amounting to £2,000. This tax should continue until the bills had been retired: it was not to be lowered or repealed, nor should any new bills be struck until all the 1715 issues had been withdrawn. The Assembly declared that £150 of the bills should be worth £100 sterling. This rated bills in silver at 7s. 9d. an ounce. In 1721 the paper currency amounted to £12,000, and its relation to sterling was still that of 150 to 100. Bullock, 129-34.

approved value, this promise probably had no effect in maintaining the specie value of the bills.

Some acts went a bit further, and designated that certain taxes levied to redeem bills of credit could be paid only with such bills themselves or with silver coin. Connecticut, New Hampshire, and New Jersey used this device. New York at first provided that only the bills of a given issue could be used to pay the particular tax levied for sinking that issue.[39]

Since bills of credit seemed to entail borrowing from private citizens, the question of an interest charge was considered. Massachusetts created a precedent in 1691 by agreeing to receive its own bills in all public payments at 5 per cent advance. This premium remained in force until December, 1693, when it was abolished by an act of reissue. But it was revived in the following June, and was granted regularly during the next five years. The Assembly again abolished it in March, 1700. Once more restored in 1702, it lasted without interruption during the next eighteen years.[40] Connecticut allowed a similar premium in the period 1709-14, and both Rhode Island and New Hampshire did so in their first acts of issue. New Hampshire discontinued it in 1711, only to revive it in 1714. Rhode Island, on the other hand, allowed the 5 per cent advance in public payments until 1715, when the Assembly abandoned it, alleging that experience had proved it "to be a damage to the colony, and no benefit to the inhabitants thereof."[41]

New York followed a slightly different plan at the start. Her first bills were to run for only short period, and should be redeemed by taxes paid in the bills themselves. An allowance of 2½ per cent was voted for every six months that the bills remained in circulation before paid in for taxes. But the province discarded the premium in 1711. Governor Hunter explained that it induced holders of the bills to hoard them until the interest became due, thereby destroying their effectiveness as currency.[42]

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[39] Connecticut acts, 1710-15, C. O. 5:538, 156, 157, 171, 175, 183, 184, 186, 189, 193, 199, 201; New Hampshire acts 1709-14, C. O. 5:951, 69-71, 128, 189-90; New Jersey acts, 1709, 1711, C. O. 5:1006, nos. 7, 35; New York acts, 1709-14, C. O. 5:1147, nos. 26, 47; C. O. 5:1144, 103, 108, 191.

[40] Davis, *Currency and Banking*, I, 12; act of December 11, 1693, *Massachusetts Acts and Resolves*, I, 146; act of June 22, 1694, *Ibid.*, 173; act of March 23, 1700, *Ibid.*, 417; act of October 15, 1702, C. O. 5:771, 234; C. O. 5:866, no. 153.

[41] Bullock, 207, 210; *Rhode Island Colonial Records*, IV, 102, 189.

South Carolina resorted to another arrangement. When its initial bills were paid into the treasury as tax money, the payer received 12 per cent interest computed from the time the bills had been put into circulation by the colony. But this generous allowance did not survive after 1707. It led to hoarding, and, moreover, imposed an extra burden too heavy for the colony to carry. The computing of interest on the bills, especially on those paid into the treasury and later reissued, added to the cost of the experiment.[43] In 1715, Massachusetts, Connecticut, and New Hampshire were allowing the 5 per cent when the bills were received in public payments. New York, New Jersey, Rhode Island, and South Carolina, on the other hand, had discarded the premium.

Many of the assemblies attempted to force the acceptance of their bills in private transactions. The first bills of Massachusetts were not made legal tender. An act of 1692, however, ordered that they should pass current within the province "in all payments equivalent to money." This act was confirmed by the Crown in 1695. The Massachusetts bills issued between 1702 and 1712 were not declared legal tender, but the province in 1710 allowed debtors, by a deposit of sufficient bills, to escape imprisonment until the bills could be converted into current money.[44] Then in 1712 the bills were again made legal tender. Rhode Island and Connecticut did not at the outset declare their bills legal tender, although Connecticut acted in 1718.[45] New York, New Jersey, and North Carolina regularly maintained the legal tender principle. South Carolina applied it without reservation to the first bills of 1703, but after 1707 confined it to payments of 40s. or less arising under future contracts.[46] North Carolina in 1715 ordered that its paper should pass in all private transactions at the rate of £150 to £100 sterling.[47]

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[42] New York acts, 1709-11, C. O. 5:1147, nos. 26, 39, C. O. 5:1144, 103, 107-8; Hunter to Board of Trade, May 7, 1711, C. O. 5:1050, no. 19.

[43] South Carolina act, May 8, 1703, *South Carolina Statutes*, II, 211; act of July 5, 1707, *Ibid.*, 712.

[44] Act of 1692, *Massachusetts Acts and Resolves*, I, 36; act of August 22, 1695, C. O. 5:906, 194-5; act to prevent oppression of debtors, C. O. 5:866, no. 153; Weeden, I, 380.

[45] Act of October, 1718, quoted in Henry Bronson, "A Historical Account of Connecticut Currency . . . ," *Papers of the New Haven Colony Historical Society* (New Haven), I, 39-40.

[46] *South Carolina Statutes*, II, 211, 304, 323, 326, 353.

A simple declaration that bills of credit were legal tender did not compel creditors to receive them as such. Penalties had therefore to be imposed. South Carolina in 1703 prescribed that any person refusing bills tendered in payment of debts should forfeit twice the sum offered.[48] North Carolina in 1715 made the forfeiture one half, and New Jersey in 1711 and New York in 1714 ordered that debts should be cancelled when creditors refused to accept payments in paper.[49]

Three of the colonies tried to enforce the currency of paper in daily buying and selling. Should any person in South Carolina (1716) refuse to take bills for goods offered for sale, he should pay three times the sum involved.[50] New Jersey (1711) and New York (1714) imposed a schedule of fines ranging from 40s. to £50, depending on the value of the property in question.[51] A curious act of North Carolina in 1715 declared any member of the Assembly a public enemy who introduced a motion that was derogatory to the public credit, and ordered that he pay a fine of £20.[52]

Colonial bills of credit have occasioned widespread discussion of the reasons for the depreciation of paper currency. Both Adam Smith and Ricardo referred to the course of colonial paper in support of their monetary theories. This interest is easily understood. Paper currency issued under government auspices originated in the thirteen colonies; and during the eighteenth century they were the laboratories in which many currency experiments were performed. The colonies provided the first instances of depreciation of public bills of credit; consequently the early explanation of this depreciation has been widely cited as the explanation of the commercial value of paper money in general.[53]

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[47] Bullock, 129, says that North Carolina bills "seem to have been made a legal tender for all payments in which the rated commodities were receivable." For act of 1715, see *Ibid.*, 130-31.

[48] Act of March, 1711, *South Carolina Statutes*, II, 353.

[49] Bullock, 131; New York act, July, 1714, C. O. 5:1144, 189-90; New Jersey act, July 16, 1711, C. O. 5:1006, no. 7.

[50] *South Carolina Statutes*, II, 665-6.

[51] C. O. 5:1006, no. 35; C. O. 5:1144, 189-90.

[52] Bullock, 131.

Adam Smith gives three reasons for the depreciation of colonial paper. The taxes voted to redeem it were postponed far into the future; interest was not provided to the holders of the bills in circulation; and the sum of the bills issued exceeded the sum paid in the colony each year in taxes. "The paper currencies of North America," he wrote, "consisted, not in bank-notes payable to the bearer on demand, but in a government paper of which the payment was not exigible till several years after it was issued. . . ." Moreover, the colonies did not pay interest to the holders of this paper. "But allowing the colony security to be perfectly good, a hundred pounds payable fifteen years hence, for example, in a country where interest is at 6 per cent, is worth little more than forty pounds ready money." Continuing the argument, he admitted that the privilege of paying taxes in paper money gave it an enhanced value. "This additional value was greater or less, according as the quantity of paper issued was more or less above what could be employed in the payment of the taxes of the particular colony which issued it. It was in all the colonies very much above what could be employed in this manner."[54]

Ricardo offered another explanation. It is not necessary, he wrote, "that paper money should be payable in specie to secure its value; it is only necessary that its quantity should be regulated according to the value of the metal which is declared to be the standard. . . . Dr. Smith appears to have forgotten his own principle in his argument on colony currency. Instead of ascribing the depreciation of that paper to its too great abundance, he asks whether, allowing the colony security to be perfectly good, a hundred pounds, payable fifteen years hence, would be equally valuable with a hundred pounds paid immediately? I answer yes, if it be not too abundant."[55]

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[53] American writers have generally explained the depreciation of colonial bills of credit by the weakness of the security behind them rather than by the quantities issued. For the views of two widely read authorities see R. T. Ely and others, *Outlines of Economics* (New York, 1917), 272; and J. Laurence Laughlin's comment in his edition of John Stuart Mill's *Principles of Political Economy* (New York, 1885), 356.

[54] *The Wealth of Nations* (Everyman edition, London, no date), I, 290-93.

[55] *The Principles of Political Economy and Taxation* (Everyman edition, London, no date), 239, 240-41.

It is obvious that arguments drawn from colonial experience have not been based upon a detailed study of facts. The period of the beginnings of this paper brought out all the factors mentioned by Adam Smith, so that we have an opportunity to examine his views and those of Ricardo in the light of what actually happened.

Many writers agree that the paper of Massachusetts did not depreciate until after 1713.[56] Now, the bills issued in 1709 were not redeemable in taxes until four years after the date of issue; those struck in 1710-12 were not to be sunk until six or seven years later. Between 1708 and 1712 the sums of paper outstanding varied from £43,000 to £89,000—amounts greatly in excess of the sums paid yearly in taxes. It is true that during this time Massachusetts allowed interest of 5 per cent when the bills were paid into the treasury as tax money. However, not all the bills in circulation were paid in during a given year; hence the holders of them did not realize the 5 per cent premium on all the outstanding paper. The course of Massachusetts paper during these years exposed all the causes of depreciation enumerated by Adam Smith, and yet the bills did not depreciate. The paper money of the other New England colonies issued before 1713 was based on the same principles as that of Massachusetts—deferred payment of taxes, issues in excess of current yearly needs for tax money, and a premium of 5 per cent paid on only that part of the bills which was used each year in public payments. Nor did the paper of the minor New England colonies depreciate, prior to 1713.

The other colonies shared this experience. That of New York is especially illuminating. Before 1711 the province allowed a full interest premium of 5 per cent for every year a given bill remained in circulation. These bills apparently passed at a premium; at least Governor Hunter complained that they were hoarded. Since the normal rate of interest was 6 per cent rather than 5 per cent, according to Adam Smith's view the bills should have been a little below par.[57]

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[56] Dudley wrote to the Board of Trade, December 1, 1713: "The perfect want of money was such that the bills became current in all trade with merchants and countrymen, with that honor that I never heard of any abatement in payment either in trade, or market, or any dealing whatsoever." C. O. 5:866, no. 153. See also Weeden, I, 381; Bronson, 28; and William Douglass, "A Discourse Concerning the Currencies of the British Plantations in America" (Boston, 1740), reprinted in *Colonial Currency Reprints* (Edited by A. M. Davis, Boston, 1910-11), III, 315.

Depreciation became serious in several colonies after 1713. There were two major differences between the issues before and after this year: the sum of bills emitted was considerably increased, and a new kind of security was provided. New issues in Massachusetts, Rhode Island, and South Carolina were secured by mortgages on privately owned lands. Unusually large emissions were: Massachusetts, £50,000 in 1714 and £100,000 in 1716; New York, £27,680 in 1714; Rhode Island, £40,000 in 1715; and South Carolina, £52,000 in June, 1712.

The evidence of the period before depreciation and of the years when depreciation set in seems to support the currency views of Ricardo rather than those of Adam Smith. The colonies whose paper had depreciated considerably by 1717 were the ones which had issued unusually large amounts—notably Massachusetts, Rhode Island, New York, and South Carolina. The quantities of paper printed, rather than the security behind it, apparently caused the depreciation. It is true, however, that there was a close relation between the security and the quantities of paper issued. When taxes for redemption were not collected until several years after the bills were authorized, this habit of deferred redemption speedily resulted in an increase in the supply of bills. Similarly, the use of private lands as security allowed the issues to expand almost indefinitely. It is difficult to perceive how depreciation of land secured bills would have occurred had the total issues of a colony been restricted to the sum in circulation prior to 1712.

The trouble was that a new element entered the situation at the close of Queen Anne's War. During the war the several colonies had issued paper in moderate amounts, for definite military needs. The paper proved stable and convenient, and became the common medium of exchange. When the war ended, the original reason for the issues ceased to exist, and at the same time the bills in circulation were scheduled to be withdrawn. The result was a series of issues for general currency purposes. Having found that the bills afforded a satisfactory currency, many of the colonies now sought to enjoy this benefit in a larger way; hence the large emission at a single stroke. Because the needs of the colonial governments for money shrank with the passing of war expenditures, a form of security other than taxes was introduced—mortgages on private lands. The basing of bills on such security opened the way for issues of unlimited sums. The resulting increased volume of paper rather than changes in the principles governing its emission apparently brought on the resulting depreciation.[58]

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[57] Other evidences that colonial bills did not depreciate during this early period are the facts that conflicts between creditors and debtors over the paper question did not occur in the mainland colonies until after 1713, and that the rates of exchange between colonial paper and sterling had not altered in favor of sterling till the close of Queen Anne's War.

The first great struggle between debtors and creditors over inflation occurred in Barbados. It was in 1706 that a party of planters under the patronage of the lieutenant-governor, Sir Bevill Granville, drafted an act and carried it through the Assembly. Foremost among the promoters stood William Sharpe, president of the Council, and John Holder, the treasurer. The lower house finally passed the bill by a vote of ten to nine. It was said that seven members of the Council favored the scheme—all very much in debt. A clash between planters and merchants attended the enactment of the law.[59]

It allowed any planter to obtain locally issued bills of credit to the amount of a quarter of the value of his estate. The bills should pass in all payments at their face values: refusal to accept them worked a forfeiture of half the debt involved. The planter had to pay 5 per cent interest and to redeem the bills yearly, but they might then be renewed and so retained in circulation. The interest went to Holder, the manager of the bank, to compensate him and to pay administrative costs. Should the planters who originally received bills fail to redeem them, the sale of property pledged as security would raise the necessary funds.[60]

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[58] Another factor affecting the supply of colonial bills was counterfeiting. The numerous laws of the period against counterfeiters indicate that the practice was common. Thus the supply of the bills was actually greater than that authorized by the legislature. See Connecticut acts of May, 1711 and May, 1713, C. O. 5:538, 169-70, 185; *South Carolina Statutes*, II, 303, 323, 326, 353, 666; New Jersey act of July 16, 1711, C. O. 5:1066, no. 35. A Massachusetts act of June 24, 1714, provided the death penalty for counterfeiting. *Massachusetts Acts and Resolves*, I, 741.

[59] A description of the Council of Barbados, 1706, C. O. 28:9, no. 78.

[60] Board of Trade to House of Lords, November 27, 1707, C. O. 389:19, 387; Royal African Company to Board of Trade, October 10, 1706, C. O. 28:9, no. 55; memorial of merchants trading to Barbados, *ca.* October, 1706, *Ibid.*, no. 56; John Holder, The Rise, Progress, and Determination of the Bank of Barbados, C. O. 28:10, no. 41(ii).

The planters urged the extreme want of coin and the declining state of trade as their justification; the principal objectors—the Royal African Company and the English merchants trading to the islands—pointed to the certainty of depreciation and its grim results. The bills would fall in value because the interest did not go to the creditor who held them; besides, the provision for eventual redemption was insufficient. Probably a total of £200,000 would be let loose on the colony. The inevitable depreciation, along with forced acceptance, would ruin creditors and cause outside traders to desert the island. All imports would have to be sold at enhanced prices—a hardship that would fall with crushing weight on planters who did not take out bills on their estates. The expansion of the currency would force up the price of sugar in the island, and when merchants converted the paper they received from a debtor into sugar to ship to England, they would have to pay that higher price: their existing credits would shrink by this indirect payment of sugar at inflated rates. Besides, it was fatal to allow one person (Holder) to judge the values of estates that were to be mortgaged; and furthermore the law did not adequately protect titles secured through the forced sale of the lands of planters who had failed to meet their bills.[61]

To safeguard the newly created bank the Assembly passed a triennial act prolonging its own life for three years. This law, however, along with the act of issue, incurred the wrath of Whitehall. Both were disallowed; Granville was recalled; a new lieutenant-governor, Mitford Crowe, acceptable to the merchants, was appointed; and the colony was ordered to make good the bills that had been forced upon creditors.[62] In the island several of the councillors changed sides, explaining that the effects of the bills had made them see the light. Unable to secure relief from the Assembly, Sharpe dissolved it in December, 1706, and had a new one elected. The paper party put up a stiff fight, but the creditors had their way. A relief act of 1707 prescribed that the planters should redeem the paper within a year or lose their security at auction. In the meantime, nearly all the bills had come into the hands of the merchants in payment of debts. The planters accordingly had to renew former obligations in order to recover the outstanding bills. Thus failed the attempt of the colonists to secure a generous currency and to pay private debts with public bills of credit.[63]

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[61] C. O. 28:9, no. 56.

[62] Hedges to Board of Trade, September 26, 1706, C. O. 28:9, no. 53; resolves of Barbados Assembly, June 5, 1707, C. O. 28:10, no. 29(xviii); Order in Council, February 2, 1707, C. O. 389:19, 396, petition of merchants trading to Barbados, received, November 8, 1706, C. O. 28:9, no. 67.

The Barbados episode initiated one general policy at Whitehall: it brought forth circular letters to all royal governors directing them not to sign any extraordinary measure until it had received the King's approval or unless it contained a clause suspending its enforcement until such approval had been secured. This order was thereafter regularly incorporated into the instructions of all the royal governors.[64]

Not until the close of Queen Anne's War did paper money become a burning issue in Massachusetts. The province then stood face to face with the spectre of inflation—of inflation for its own sake, in behalf of commerce and credit, wholly divorced from the needs of war. It was argued at this time that the paper in use during the war had caused the exportation of coin; the scheduled retirement of the provincial bills after the war would soon destroy even that currency. Already the scarcity of money had forced prices down. "As things now stand a man worth £10,000 in land is certainly ruined if he owe one upon bond, because so much land will not answer, but all must be sold or so much as will raise the sum due, which will not fetch in such extremities five shillings in the pound, and if some expedient be not found out, will scarce fetch money on any terms."[65]

At this juncture a group of fifty-five English merchants stepped forward with a private land bank scheme. They proposed that the King charter a join-stock company, to operate for twenty-five years, with a capital of £300,000 in land or other real security. Subscribers might borrow bills of credit from the bank to the amount of two thirds of the value of their lands, paying a yearly interest charge of 5 per cent. Half of the bank's profits should be used to produce naval stores.[66] The bills issued would circulate in local exchanges; the profits, by affording naval stores, would enable New England "to take off in greater quantities the manufactures of Great Britain and to make more seasonable returns for the same."[67]

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[63] Sharpe to Assembly, *ca.* October, 1706, C. O. 28:9, no. 91(ii); Sharpe to Board of Trade, December 5, 1706, *Ibid.*, no. 93(a); petition of inhabitants of Barbados, December 24, 1706, C. O. 29:11, 15; Council minutes, December 24, 1706, *Ibid.*, 5; Sharpe to Board of Trade, March 24, 1707, C. O. 28:10, no. 26; merchants of Barbados to Sharpe, *ca.* March, 1707, *Ibid.*, no. 24(i); Sharpe to Assembly, April 1, 1707, *Ibid.*, no. 26(ii); Assembly to Sharpe, April 8, 1707, *Ibid.*, no. 26(1b); relief act of April, 1707, C. O. 319:1, 225-37.

[64] Hedges to royal governors, November 8, 1706, C. O. 324:30, 114.

[65] Bannister's Essay, 1715, C. O. 5:866, no. 67.

In the autumn of 1713 Governor Dudley roundly opposed the project, declaring that it was supported by only a few Boston merchants; and those "not of the first value." The Council added its protest, and the colony's agent, Jeremiah Dummer, was ordered to sidetrack the scheme on its journey through Whitehall. Boston officialdom preferred a bank created and controlled by the colonial Assembly.[68]

The original promoters urged in reply that the charter of the province did not authorize the Assembly to act, whereas the King might charter a private company. The red tape connected with a public bank would make it less efficient and less profitable than a private concern. In cases of forfieiture, borrowers would not have any remedy against the public, whereas they were entitled to three years' grace from private creditors. The law in behalf of the public "comes with iron hands to crush the poor unhappy wretch, when the private is often affected with commiseration." Above all, a public bank would not produce naval stores as the private projectors intended.[69]

The provincial spokesmen, on the contrary, insisted that public bills of credit supplied the proper form of currency. The earlier bills had proved wholly satisfactory. Any profit from paper money ought to go to the province. The proposed bills would not have any cash fund behind them; they would not be received in public payments on a par with provincial bills; confusion of money values and endless lawsuits would ensue. A private issue of so large a sum of bills might even set at naught the laws of the province governing currency, interest rates, and property rights. It might enable the bank members to monopolize trade trade through their command of so much credit. The final regulation of domestic affairs ought to remain with the colonial government. Not since the beginnings of settlement, said Dummer, had a matter of greater consequence agitated the province.[70]

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[66] Petition of Messrs. Byfield, Sandford, Faneuil and Willard to Board of Trade, received, June 30, 1715, C. O. 5:866, no. 46.

[67] Memorial of several inhabitants of New England, 1715, C. O. 5:866, no. 44(i); petition of British merchants trading to New England, June, 1715, *Ibid.*, no. 44(ii).

[68] Dudley to Popple, October 3, 1713, C. O. 866, no. 159; order of Massachusetts Council, August 20, 1714, *Ibid.*, no. 159(i); instructions to Dummer, *ca.* 1714, *Ibid.*, no. 55.

[69] Banister to Board of Trade, received, July 15, 1715, C. O. 5:866, no. 53.

While this contest was in progress, Elizeus Burgess was appointed lieutenant-governor. It has been said that Dummer and Sir Henry Ashurst, the stalwart friend of the New Englanders in London, induced Burgess, for a gratuity of £1,000, to resign. Thereupon they secured the appointment of Samuel Shute—a trustworthy opponent of the private bank. The Assembly then created the £100,000 public land bank of 1716. The new bills appeared under the auspices of the province, although based on private security. The 5 per cent interest payments came into the public treasury. This measure was more conservative than the private scheme: nevertheless its adoption was decidedly a triumph of inflation.[71]

Elsewhere the rumblings of inflationary thunder sounded from the colonial skies. In 1717 the merchants of South Carolina were opposing the maneuvers of the paper money party there, and the refusal of the governor to sign a paper bill was given as the reason for deposing him in 1719.[72] Meanwhile, English merchants had begun to complain of monetary trends in New York. An act of 1717, stoutly defended by Governor Hunter as a boon to trade, aroused the wrath of the merchants because it made the newly issued bills of credit legal tender.[73] Ships that had gone out to the province in 1717 had received their freight earnings in paper money at a loss of 35 per cent to the owners. The people of New York knew very well that "the long lying of ships eats away the profit of the voyage, and that the goods imported may not be proper for any other colony, so that they will not give above the usual price, thinking the merchants must submit to it or proceed elsewhere. When they have paid them with paper, they know it's of no value elsewhere and [that they] will have it back again at their own rates, which makes it a two-edged sword to the trade of this kingdom, cutting both ways."[74]

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[70] P. Dudley to governor and Council of Massachusetts, August 17, 1714, *Ibid.*, no. 159(ii); Shute to Board of Trade, received, August 4, 1714, C. O. 5:866, no. 60(i); Dummer to Board of Trade, August 8, 24, 1715, C. O. 5:866, no. 55.

[71] Davis, *Currency and Banking*, I, 56-8, 59-61; act of December 4, 1716, C. O. 5:774, 284-5.

[72] Bullock, 59.

[73] Hunter to Board of Trade, August 7, 1718, C. O. 5:1051, no. 84.

The outlines of British policy for colonial bills of credit had taken shape by 1715. The Barbados act of 1706 had prompted the Board of Trade to express its opinion of the likely effects of paper money. "The proper method for supplying the deficiency of cash was to promote the increase of it, by encouraging a quicker importation of silver, but to put a disuse upon money in common payments, and to render it less needful, by setting up bills of credit or anything else instead of it, tended to slacken the industry of the merchants in procuring it, by which method 'twas justly to be feared that the island, at the expiration of that act, would labor under a greater scarcity of money, than it did before."[75]

Two aspects of paper currency attracted attention at Whitehall during the early days of the experiment. In 1717 the Board of Trade recommended that colonial bills of credit should not be issued unless they were backed by taxes voted for their redemption.[76] The Board also condemned the legal tender clauses in the early colonial acts. In the Barbados case, it argued that the legal tender feature would force prices upward, defraud creditors, lessen the Queen's revenue, and curtail future loans. Traders from the northern colonies would cease to import provisions for which they would have to accept the island's paper.[77] Later, the Board described a New York legal tender clause of 1709 as an "intolerable hardship upon creditors who have already lent their money or sold their goods under covenants . . . of being repaid in the current money of that province."[78] This act, however, granted money essential for the war; accordingly, the offensive clause was allowed to stand. When the Board of Trade complained of a later act making bills of credit legal tender, Governor Hunter replied that since the bills were actually circulating and made current in all payments, they could not be "called in again without throwing the colony into the utmost confusion." The Crown acquiesced and the bills remained.[79]

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[74] Memorial of eight merchants trading to New York, received, May, 1718, C. O. 5:1051, no. 67; petition of merchants trading to New York, received, August 28, 1718, October 7, 1718, *Ibid.*, no. 77.

[75] Board of Trade to House of Lords, November 27, 1707, C. O. 389:19, 388.

[76] Board of Trade to Lord High Treasurer, June 26, 1713, C. O. 5:913, 400.

[77] C. O. 389:19, 389-92.

[78] Report of Board of Trade, November 29, 1709, C. O. 5:1121, 460-1.

Only once did British officials befriend a colonial paper money scheme. Referring to the proposed private land bank for Massachusetts, both the Commissioners of the Customs and the Board of Trade remarked that it was "absolutely necessary that something of this kind be set on foot as soon as possible, to furnish a sufficient medium for carrying on trade, the want of which is found to be a great obstruction to . . . the improvement of naval stores." In this case the object was to increase the direct trade between Boston and England by enlarging the fund of colonial returns.[80]

Before 1715 colonial paper money had not injured English interests materially. Barbados, Jamaica, the Leeward Islands, Virginia, and Maryland—the regions that provided the bulk of England's colonial trade—were still managing without bills of credit. Among the northern trading centers, Philadelphia did not have any bills of its own. Boston, Charleston, and New York were each using its paper currency, but depreciation had not yet become acute. By 1720, however, the colonial inflationists had embraced wholeheartedly the programme of more paper money. But now they encountered opposition, for at Whitehall a restrictive policy was taking shape—a policy that condemned legal tender clauses and called upon the assemblies to provide ample security for newly issued bills.

Paper money issued in the United States under government auspices has generally been based upon the main principle of colonial bills of credit. This principle— exchangeability of paper for specie—was derived originally from the experience of the colonists with private instruments of credit. The first public paper in America grew naturally out of the use of private credit at a time when paper money issued by governments was unknown to the colonists. Accordingly, they applied to public bills the same principles to which they were accustomed in dealing with the notes and bills of individuals. They did not even give their issues the name of money; the term "bills of credit" signifies that such bills were regarded, not as issues of a sovereign creating money, but simply as devices for borrowing funds for public or private uses.

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[79] *Ibid.*, Order in Council, December 15, 1709, *Ibid.*, 496; act of July, 1714, C. O. 5:1144, 195; acts of 1715, 1717, *Ibid.*, 205-11, 247-8; Richard West to Board of Trade, December 23, 1717, C. O. 5:1051, no. 82; *Ibid.*, no. 84.

[80] Commissioners of the Customs to Stanhope, August 26, 1715, C. O. 5:752, no. 9; Board of Trade to Stanhope, August 26, 1715, C. O. 5:914, 107-9.

This practice harmonized with the legal theory of English colonization. The charters of the colonies which issued paper money before 1715 did not confer the right of coinage. Massachusetts did erect a mint in 1652, and thereby became guilty of usurping the King's prerogative. Partly for this reason she lost her charter in 1684. English officials in 1686-88 definitely refused her the privilege of a mint. Accordingly, when she issued bills of credit in 1690, they could not be regarded as money. Such colonial paper, legally, was similar to the notes or bills issued by a chartered company—not to currency established by the sovereign power. The British Government in all its regulations consistently treated these bills, not as money, but as promissory notes.

When the colonies emitted paper, their authority for the issues was not final; their acts might be annulled by a superior. Over the assemblies of the Carolinas stood the proprietors; over New York, New Hampshire, New Jersey, and Massachusetts stood the Privy Council, armed with the power of the royal disallowance; and over all the colonies stood the supreme authority of Parliament. And this superior power was exercised. The Privy Council disallowed a paper money act passed in Barbados in 1706, and thereafter instructed all royal governors not to sign extraordinary acts affecting trade without royal approval. In considering the depreciation of colonial paper, it is well to remember that it was not issued by a sovereign authority with full powers of action.

It should be recalled also that public bills of credit appeared in America when the revenues and functions of the colonial governments were extremely slight. Both Adam Smith and Ricardo assumed that the authority of government behind money was a factor in determining its value—that the rule that a certain currency should be received in all public and private payments at its stated value exerted an influence against depreciation. It is interesting to speculate on what might have been the course of colonial paper in different circumstances. As it was, the colonists did not have full authority for creating money. They had not been accustomed to regarding paper as money; its use previously had been restricted to private dealings. And they issued their original bills at a time when the functions and revenues of government were in their infancy. These facts indicate why the principles governing private credit instruments were applied to colonial bills of credit, and why the depreciation of those bills has been explained in the light of known experience with the value of private bills and notes.

For many years the paper of the colonies did not depreciate noticeably. Yet this paper was not uniformly legal tender; it was not actually redeemable from day to day in specie; the collection of taxes voted to secure it was deferred far into the future; the governments which issued it did not have the final power of creating money; the supply of it exceeded the sum of taxes paid by a colony in a given year; a full interest premium at market rates was not provided annually to the holders of it; it was scarcely even regarded as money, but rather as a means of public borrowing, appearing as it did at a time when government paper money was unknown; its authorized supply was exceeded by counterfeiting; and it was supported by governments which occasioned but a slight demand for tax money. In view of these facts, it seems irrefutable that it maintained its value primarily because its supply was limited. This conclusion is strengthened by the fact that serious depreciation occurred when the quantity issued was greatly increased in several of the colonies after 1712.

CONCLUSION:

COMMERCE, CURRENCY, AND CREDIT

The economic history of early America is the story of a rising standard of living. Since the improvement of social conditions depended upon the utilization of manufactured goods, the procuring of such commodities was a principal concern of the settlers. They could not possibly produce all the finished articles they needed. The attractions of cheap lands, the thinness of settlement, and the lack of capital kept the colonies in a predominantly agricultural state. Yet the newness of the settlements occasioned an unusually large demand both for goods to be consumed and for articles to be used in production. Since manufactures were obtained in England, the Americans had to pay relatively high prices for imports which for the most part were furnished by outside traders and carried in English ships. The profits earned by English merchants and the freights gained by shipowners raised the prices of manufactures to figures often double or treble those prevailing in the mother country. To pay for these imports the colonies had to use their farm produce. Each region produced an outstanding staple—sugar in the West Indies, tobacco in the Chesapeake region, and grain in the middle colonies. The production of these staples increased more rapidly than the markets expanded to absorb the surplus. In view of this, the price of farm produce—as measured by silver or European goods—tended to decline. Since greater crops often lowered the price of the disposable surplus, increased output did not always enlarge the purchasing power of the farmers in proportion to the added volume of the produce they had for sale. This problem became especially acute in time of war when the curtailment of foreign markets further depressed the price of America's export products.

The trade of the colonies south of Pennsylvania was for the most part a simple, direct exchange of the enumerated articles for English goods. Undoubtedly the planters bought more than they sold; even in the West Indies they became indebted to the Royal African Company and to English merchants. The cries of the debtor issued continually from Maryland and to a lesser extent from Virginia and Carolina. In the colonies north of Maryland, the people bought far more from England than their native products would pay for. The additional returns they obtained through their external trade, which was centered in Boston, Philadelphia, and New York. This trade reached out to Newfoundland, southern Europe, the West Indies, and the southern mainland colonies: its essential purpose was the procuring of coin, bills of exchange, and other returns to England wherewith to purchase European goods.

The trade of the southern area suited England perfectly: it centered in English ports, and the indebtedness of the planters kept them dependent on English markets, English ships, and English supplies. But things were not so fortunate in the north. There the trading centers often run a course contrary to England's interest. The trade to Newfoundland weakened the English fishery there; to Portugal, New Hampshire exported ship timber needed by the Royal Navy. The northern merchants were soon competing with English slave traders, and from the French and Dutch colonies they imported sugar, rum, and molasses that should have come from the English islands. Throughout the whole colonial area the northern shipowners competed with English merchants in the carrying trade. Above all, the lack of direct returns to England forced New England to manufacture the very goods with which England was determined to supply the colonies. And New England industries not only curtailed the New England market for English merchandise; they threatened also to encroach upon the more cherished markets of both the sugar islands and the colonies along Chesapeake Bay.

To check rival manufactures in the area north of Maryland, the Board of Trade and Parliament encouraged the production of naval stores as a means of affording returns for English imports. But the policy failed; the New Englanders were too firmly wedded to their lumber industry, to shipbuilding, to household manufactures, and to their carrying trade. The complaints and restrictions directed against both the New Hampshire lumber industry, and the trades with Newfoundland, southern Europe, and the foreign West

Indies irritated the colonial merchants without stopping their practices or providing them with other returns for English goods.

The currency difficulties of the colonies arose from two general conditions. Their best money—coin—flowed away to England to redress the unfavorable balance of trade. On the other hand, England did nothing to supply them with either English money or a coinage of their own: she needed more silver than she could obtain for her own use—for currency, trade, and war. She refused to allow separate colonial mints on the ground that all the money of the Empire should conform to one single standard—that of the sterling coin issued at the Tower of London.

Wanting English currency, the colonists had been forced to use their native commodities as money. The only too apparent defects of this currency—the trouble of transporting it, of gauging its value, and of preserving it against deterioration—led to the quest for Spanish and other foreign coin. The colonies during this search dealt gently with pirates who came ashore with their stolen treasure. Nearly all the assemblies raised the value of foreign coin in hope of attracting as much of it as possible: doubtless the acts for this purpose were passed in part to encourage pirates to bring their money to ports where it had the highest legal value. Piracy reached its height during the years when the assemblies were enhancing the value of foreign coin; the colonies that saw the most of the pirates—South Carolina, New York, Pennsylvania, and Massachusetts—placed the highest value on the sort of money the pirates brought; and Boston, Philadelphia, New York, and Charleston for a time were flushed with Spanish silver and Arabian gold.

By 1700, many of the colonists were becoming dissatisfied with their dependence on English merchants and English manufactures. The economic weakness of the farming communities became more and more apparent. In exchanging farm produce for manufactured goods, the colonists felt that they were not obtaining an adequate return. Several remedies were proposed—all closely related. If the settlements procured a larger supply of coin, the price of lands and produce would automatically rise. By building ships and engaging in the carrying trade, the balance of trade might be redressed and the coin of the colonies would stay at home. The diversifying of economic pursuits would reduce the surplus of the staple crops and raise their price in foreign markets. Local manufacturing would also lessen the exportation of coin; and coin in turn would provide a money economy essential to town life and the subdivision of labor. These are some of the assumptions behind the measures of the colonies designed to increase the supply of hard money and to lessen that dependence on England which confronted them with an unfavorable balance of trade.

England, on the other hand, could scarcely be expected to further these designs. The value of her colonies lay in producing plantation commodities and in buying her manufactured goods. They should not compete with the industries of England. It was best to keep them in a nonindustrial state—producers of rice, indigo, tobacco, sugar, furs, cattle, and grain. It was well and good that they depended on English ships and English merchants, that they were indebted to English creditors, and that their coin soon found its way to the mother country. Had they possessed a permanent stock of money, town life, commerce, and manufacturing would have been further stimulated and extended.

Accordingly, England did not favor the colonies by relaxing in their favor the laws against the exportation of English coin. Neither did she allow them to mint money for themselves, nor countenance their acts prohibiting the exportation of coin. She did not send money to America to meet expenses there incurred by the Crown. She attempted to stop the draining of coin from the southern area to the northern trading centers by establishing a uniform value of foreign coin throughout all the colonies. And perhaps one reason why she endured the excesses of colonial paper money was its effect of accelerating the movement of coin from America to Europe.

Inherent in the colonial currency situation of the seventeenth century was the tendency toward inflation. Seeing their coin depart, the assemblies at the very beginnings of settlement tried to keep it at home by giving it a fictitious legal value—by declaring a given amount of silver in the colonies worth more shillings than it would yield if minted into English coin. Massachusetts adopted this device when issuing the pinetree shilling. Commodity money as used in public payments received the inflated value assigned to foreign coin. Through this practice the colonists utilized two currency standards—current money for local transactions and sterling value for exchange abroad.

This difference of values gave the debtor an opportunity to scale down his debts by paying them in current money at inflated rates. If he owed 12s. when a piece of eight passed at 6s., he could reduce the real amount of the debt if the assembly raised the value of the piece of eight to 8s. and allowed the new rate to apply to previous contracts. Similarly, he might benefit if he could tender his commodities as money when they bore a legal value higher than that prevailing when his debts were incurred. Since shillings formed the money of account, any legislation that increased the number of shillings, whether in a foreign coin or in a unit of commodity money, had the effect of enlarging the supply of currency, of raising prices, of decreasing the silver content of the shilling and reducing its purchasing power, and so of scaling down debts. Both creditors and debtors appreciated this fact, and many heated contests attended the efforts to alter the rates of current money.

The rapid rise of paper money and its early depreciation tended to drive coin out of circulation, and to lessen the use of commodity currency. A new stage in the inflation movement was thereby inaugurated. The debtor parties now endeavored to increase the volume of paper money and to force its acceptance in all sorts of payments; the creditors once more resisted, demanding that debts should be paid in a silver value equal to that which the debtor had originally received.

In all these controversies the English Government played an active part. It ordered that commodity money should not be forced upon creditors at rates contrary to contracts under which the payments were due. It likewise protected creditors against forced acceptance of foreign coin at altered and inflated values. Especially did it strive to safeguard its own revenues against changes in the colonial currency. When paper money appeared this policy was continued: the provinces subject to British control were strictly enjoined not to make their bills of credit legal tender in private payments.

The money troubles of the colonies exhibit two fundamental causes of friction with the mother country. England desired to keep them in the plantation or agricultural stage. The colonists, dissatisfied with the low price of their produce and with the unfavorable terms on which they bought English merchandise, became gradually more interested in engaging in commerce and manufacturing of their own. Accordingly, they desired to obtain coin as a means of diversifying their economic activities—as a stimulant to industry and trade. To these aspirations England was either indifferent or hostile: the ideal colony she regarded as the one which exchanged its produce for English goods. Such a trade reduced the need of coin in the plantations to a bare minimum by effecting the necessary exchanges in the mother country.

The second conflict—that between English creditors and colonial debtors—arose in part from the newness of the American settlements and in part from their continued employment of English merchants, English artisans, and English shipowners. The chief remedy for continued dependence was the broadening of America's economic pursuits; the principal remedy for past indebtedness was the scheme of scaling down debts by legislation. Neither of these solutions could be acceptable to England. One rejected the long recognized claims of creditors and the other denied the established principles of colonial trade.

The English colonial officials of the late seventeenth century held no uncertain views respecting the relationship of coin to the economic independence of a region. They believed that specie stimulated industry and led to a diversification of business activity. Applying these ideas to America, they concluded that if the colonies possessed a large fund of coin they would develop manufactures of their own and acquire a self-directed trade. Such indeed was the actual intention of the colonists themselves, for they generally asserted that they needed specie in order to stimulate town life, to promote local industries, to encourage shipbuilding, and in general to lessen their dependence on foreign markets and supplies. It was natural, then, for England to let the plantations get along without a larger supply of coin. For if a money economy in America should facilitate manufacturing and diversify trade, the colonists might draw more and more away from the parent state. Their imports from England would decline; they would soon control the marketing of their own produce; their commerce would forsake the mother country; and the profits of manufacturer, shipper, and distributor would pass from English merchants to their rivals in the New World.

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The Record Office contains the most valuable single collection of documents for the study of early American history. The records now forming the Colonial Office Papers which pertain to individual colonies may be distinguished by six groups. (1) The original papers of the Board of Trade and of the Lords of Trade, comprising the letters of governors, proprietors, and various English officials in America, petitions and memorials of various sorts, particularly from merchants both English and colonial, copies of orders in council, reports of the various departments of the British Government, and a great variety of miscellaneous inclosures submitted by the colonial governors. (2) The original correspondence of the Secretary of State. These documents resemble those described above, although not nearly so voluminous. (3) The colonial entry books of the Lords of Trade and of the Board of Trade include copies of the most important papers received, and entries of the letters and representations written by these colonial officials, together with drafts and copies of warrants, commissions, instructions, charters, and proposed acts of Parliament. (4) Sessional papers of the colonial assemblies contain the manuscript journals of the lower houses, journals of the councils in assembly, and minutes of the governors and councils acting in executive capacity. (5) The various volumes of colonial laws are for the most part printed. (6) Shipping returns, giving the names, tonnage, voyages, ownership, and cargoes of vessels entering and leaving colonial ports.

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